



Enabling everyone  
to live within our  
environmental means  
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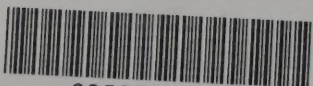
# Departmental Report 2008



**defra**

Department for Environment  
Food and Rural Affairs

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# Department for Environment, Food and Rural Affairs

## Departmental Report 2008



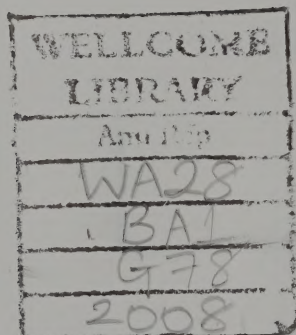
Presented to Parliament by the Secretary of State  
for Environment, Food and Rural Affairs  
by Command of Her Majesty  
May 2008

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This document is part of a series of Departmental Reports which, along with the Main Estimates 2008-09, the document Public Expenditure Statistical Analyses 2008 and the Supplementary Budgetary Information 2008-09, present the Government's expenditure plans for 2008-09, and comparative outturn data for prior years.



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# Foreword from the Secretary of State



Defra's job is to help enable us all to live within our environmental means. It's a task that is more important than ever. We are consuming at a rate that the planet cannot support, and so our priority must be to ensure that the resources we need and environment we enjoy continue to be available for us all, now and in the future.

Reflecting on the events of last year, we've shown that we are getting the basics right, with progress in the Rural Payments Agency on single farm payments, the tremendous efforts of the Department, Environment Agency and other services' staff

during the summer floods, and the professional response to animal disease outbreaks. I'd like to thank all the staff involved for their dedication and hard work.

We are committed to tackling climate change, and the Bali Conference demonstrated that there is an international will to act. In the UK, we are bringing in the Climate Change Bill, and helping people to move to a low carbon lifestyle through information, advice and assistance.

We are showing our commitment to the natural environment with the publication of the draft Marine Bill and the development of our strategy for the protection and management of water. We are also supporting environmentally friendly farming with the Rural Development Programme, which will invest £3.9 billion over the coming years.

As well as telling a story about all the work Defra is doing, this Departmental Report assesses how we have performed against our 2004 Spending Review Public Service Agreement (PSA) targets. It also looks to the future. Our two new PSA targets show the recognition across government of the importance of tackling climate change and enhancing the natural environment. Our Comprehensive Spending Review settlement means that Defra's budget will grow by 1.4 per cent per year in real terms, with a significant increase in our capital budget for flood defence.

As I go about my work, I see how the knowledge, professionalism and passion of staff in Defra and its agencies are making a difference. Our society is not always very good at saying thank you to public servants. We should, because we owe them a lot. But the best achievements and the greatest progress come about when we do it together. Everyone in Defra is committed to playing their part.

A handwritten signature in black ink, appearing to read 'H. Benn', written in a cursive style.

**Rt Hon. Hilary Benn MP**

**Secretary of State for Environment, Food and Rural Affairs**



# Executive Summary of our performance from the Permanent Secretary



2007-2008 was a year of transition for Defra. We have moved from delivering the Public Service Agreements (PSAs) agreed in 2004 Spending Review (SR04) to the new structure of PSAs and Departmental Strategic Objectives which emerged in 2007 Comprehensive Spending Review (CSR) and which embed the outcomes of our strategy refresh work. And we have adopted new internal ways of working through our ambitious Renew Defra transformation programme that will place us well to deliver that new strategy. At the same time, 2007-08 was a year in which Defra's 'licence to operate' to protect the public from environmental and other risks was severely tested with the worst flooding

incidents for 60 years and outbreaks of Foot and Mouth Disease, Avian Influenza and Bluetongue in the summer and autumn.

Throughout the year, the environment and climate change in particular continued to rise up the Government agenda. This was reflected in the Climate Change Bill, introduced on 14 November 2007 which makes the UK the first country to put its climate change targets into law, the establishment of the Climate Change Committee under Adair Turner's chairmanship, PSAs on climate change and the natural environment in the new much smaller set of government PSAs and a new appetite from local authorities to incorporate climate change objectives in the next round of Local Area Agreements. The 'Act on CO<sub>2</sub>' campaign was launched as a government-wide campaign to engage the public (as well as civil servants and politicians) in what they could do to combat climate change, underpinned by a new strategy on environmental behaviours that we have developed in conjunction with stakeholders. On the international side, the UN Framework Convention on Climate Change conference in Bali provided a strong basis for negotiations leading to the Copenhagen meetings at the end of 2009. Securing a global agreement there and working alongside other Departments, notably Foreign and Commonwealth Office and Department for International Development, will continue to be a major area of departmental effort.

On waste and water, new forward-looking strategies have demonstrated a much more consistent and integrated sustainable consumption and production approach and the environmental impacts of food production and consumption in particular have been an increasing area of focus for the Department (as well as for major retailers). The flooding incidents in the summer led to a lessons learned review, due to be published in summer 2008, which is examining how to reduce the risk and impact of floods, the emergency response to last year's floods, and the process of recovery. Although it is never possible to show that any individual incident is 'caused' by climate change, the flooding, following on from droughts and heat waves in earlier years, was a salutary warning of



the sort of incidents UK Climate Impacts Programme warns us to expect more regularly with already inevitable climate change. So we have increased our effort on adaptation and created a new Directorate to look at both adaptation and land use policy – land use also being the subject of a new Foresight study under the Government's Chief Scientific Adviser, Professor John Beddington.

Defra and its delivery bodies have been heavily engaged in the new Planning Bill, in decisions on ecotowns and new growth points and in ensuring that the sub-national review would help deliver our PSAs on climate change and the natural environment. At the same time we have, working with Department for Communities and Local Government (CLG), taken forward the findings of the Commission on Affordable Rural Housing to help tackle the specific issues which lead to undersupply of housing in rural areas. The Marine Bill, published on 3 April 2008, marks a major step forward toward the sustainable management of the resources around our coasts.

These new priorities have been reflected in our CSR settlement, which saw substantial new resources for climate change, for flood management and for waste capital, within a heavily constrained overall financial position. Increasingly we are seeing other government departments take forward commitments which will also help us make progress – from the commitment to reduce environmental impacts of new housing growth and to raise building standards from CLG, to increased investment in more sustainable transport modes from Department of Transport (DfT) to the recent announcement by the Chancellor in the Budget that the Office of Government Commerce would establish a new Centre of Expertise on Sustainable Procurement.

There have been other important developments in our Farming for the Future programme which looks to work with the industry to create a new and better future for an economically viable industry that meets its animal welfare obligations while reducing its environmental footprint. In particular, the animal disease outbreaks in 2007, and the continuing problem of bovine tuberculosis, have underlined the importance of ensuring the right balance of responsibility between government and farmers for management of animal disease. A consultation with the industry closed on 15 April, and the responses will be used to help develop detailed proposals on responsibility and cost sharing which will itself be consulted on in 2008.

Meanwhile, we have been preparing to use the 2008 Common Agricultural Policy (CAP) health check to take forward the vision for the CAP set out by Defra and HM Treasury in 2006. Rural England will benefit from a doubling of the Rural Development Programme for England funding over the next five years. On the delivery side, we have seen a substantial improvement in the performance of Rural Payments Agency (RPA) which achieved the first of its 2007 Single Payments Scheme (SPS) targets some five weeks ahead of schedule – however, improvements must continue to ensure that customers consistently receive the level of service they have a right to expect. At the same time, RPA are simplifying their processes as part of our overall push to reduce the administrative burdens that the Department imposes.



Finally, I wanted to outline some of the major internal changes that have taken place in the Department, in particular under the Renew Defra Programme – changes that will ensure that we are more agile and innovative, where outcomes are developed in partnership and where policy-making is effective and consistent. In summary, we will be better able to deliver on what is an increasingly challenging departmental agenda.

First, the housekeeping. Despite the additional financial costs (around £60 million) of responding to the Summer's emergencies, we have come in on budget for programme and administration spend for the 2007-08 financial year. Pressure on the administration budget was eased by our success in achieving – indeed exceeding – our headcount reduction target of 1400 for the SR04 period. The improved financial and headcount control systems we have put in place will be invaluable in meeting our CSR 2007 financial challenges.

Alongside this, after six months developing the Renew programme plans, the planning for the new way of working in the core Department has now become a reality. As of 1 April 2008, all 3000 staff in the core Department are working in a programme and project structure, modelled on professional services organisations. The programmes link into everything that we do to our two overarching PSA objectives (tackling climate change internationally and domestically and securing a healthy, resilient, productive and diverse natural environment). Colleagues in our Executive Agencies and key Non-Departmental Public Bodies (NDPBs) – in particular the Environment Agency and Natural England – will be working with these programmes as well as delivering their Licence to Operate services to the public.

All 3000 staff have now put their skills profiles and day to day availability online, so that they can be identified by the Flexible Staff Resourcing team as new roles and opportunities arise – and so that they themselves market any spare capacity that they have to take on additional assignments. This is the first time that a department has taken this approach for the whole of its core policy team.

So that we can become better at talent development and managing performance, all staff have already been allocated a development manager. Development managers have been identified by nominations from peers and people they've worked with in the past, as well as self-nominations, and they will be working with groups of up to 10 staff from across the Department as an additional corporate role. Since people may be working on a number of projects, with different Senior Responsible Owners at any one time, the development manager will act as a single point of contact for their performance and career development. They will be responsible for pulling together feedback from all the activity managers that staff work with day to day, providing guidance and support on development opportunities and taking an energetic approach to both developing talent and managing poor performance.

All staff have also been assigned to a career 'home' (for example, economists, scientists, or policy delivery). Heads of these career homes will be able to take an overall view of all staff within their specialism and work to develop talent and specific skills. For example, in the course of 2008 in the policy career home, we will be putting real emphasis on strengthening our policy-making capability and unlocking policy innovation.



Underpinning the more programme and project structure and flexible resourcing mechanisms is the rigorous and disciplined approach that we have developed to business planning and portfolio management. Having worked hard to develop robust CSRO7 business plans – which has required Ministers and the Management Board to take some difficult prioritisation decisions to put us onto a more sustainable financial footing for the coming period – we are in the process of fine-tuning our new system of in-year portfolio management. This will ensure that the right resources are consistently in the right place, at the right time, delivering on our strategic priorities and that the balance of activities and resource allocations looks sensible as new programmes, projects and priorities emerge.

As well as these major internal organisational changes, the Department is also taking a more outward-facing, customer-orientated perspective. This includes getting greater insight into all of our customers, including business perceptions of Defra's regulatory role and farmers' real experiences of interacting with the Department on a day to day basis. The links between the Department and our many delivery agents will also continue to be strengthened – for example, through greater clarity on accountability in Defra for making the relationships work, being clear about the outcomes we are seeking to achieve and the money we provide and the delivery deals that we are developing between Defra and delivery partners like our NDPBs.



**Helen Ghosh**  
**Permanent Secretary**

Overview of progress made against Defra’s 2004 Spending Review Public Service Agreements (PSA) Targets April 2005 to March 2008<sup>1</sup>

PSA target	Overall assessment
<p><b>PSA 1</b> To promote sustainable development across Government in the UK and internationally, as measured by:</p> <ul style="list-style-type: none"><li>• The achievement of positive trends in the Government’s headline indicators of sustainable development;</li><li>• the UK’s progress towards delivering the World Summit on Sustainable Development commitments, notably in the areas of sustainable consumption and production, chemicals, biodiversity, oceans, fisheries and agriculture; and</li><li>• progress towards internationally agreed commitments to tackle climate change.</li></ul>	<p>Delivery of the PSA is <b>on course</b>. The latest data on the sustainable development indicators in July 2007 (for the first time including indicators on wellbeing). Over half of the available indicator measures are showing positive trends and the number of negative indicators has fallen since the last assessment in July 2006.</p>
<p><b>PSA 2</b> To reduce greenhouse gas emissions to 12.5 per cent below 1990 levels in line with our Kyoto commitment and move towards a 20 per cent reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. Joint with Department for Business, Enterprise and Regulatory Reform and Department for Transport.</p>	<p>The Government is <b>on course</b> to meet the Kyoto/Green House Gas element of its SR 2004 PSA target. Our domestic goal to reduce carbon dioxide emissions to 20 per cent below 1990 levels by 2010, which was always designed to be stretching, now looks increasingly difficult to achieve.</p>

<sup>1</sup> Details on how Defra measures performance for each of its 2004 Spending Review Public Service Agreement targets can be found on Defra’s website at: <http://www.defra.gov.uk/corporate/busplan/spending-review/psa2007.htm>

PSA target	Overall assessment
<p><b>PSA 3</b> Care for our natural heritage, make the countryside attractive and enjoyable for all and preserve biological diversity by:</p> <ul style="list-style-type: none"> <li>• reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends; and</li> <li>• bringing into favourable condition by 2010 95 per cent of all nationally important wildlife sites.</li> </ul>	<p><b>Farmland Birds:</b> – This target is <b>on course</b>. We will continue to report progress of this target in 2007 Comprehensive Spending Review.</p> <p><b>Sites of Special Scientific Interests (SSSIs):</b> – There is currently <b>slippage</b> against the target although delivery in 2007-08 was significantly above the annual incremental milestone of 5 per cent that was originally planned. Natural England, which is responsible for SSSI legislation, works in partnership with SSSI owners and occupiers and has developed an on-line reporting system (ENSIS) that enables delivery partners to access SSSI information and run reports in order to track progress and plan delivery.</p>
<p><b>PSA 4</b> Reduce the gap in productivity between the least well performing quartile of rural areas and the English Median by 2008, demonstrating progress by 2006, and improve the accessibility of services for people in rural areas.</p>	<p>The design of this target has been found not to be effective in addressing our sustainable rural communities objectives Looking forward, we have developed our <i>Strong Rural Communities</i> Departmental Strategic Objective. This will be measured against two intermediate outcomes:</p> <ul style="list-style-type: none"> <li>• The evidenced needs of rural people and communities are addressed through mainstream public policy and delivery; and</li> <li>• Economic growth is supported in rural areas with the lowest levels of performance.</li> </ul>
<p><b>PSA 5</b> Deliver more customer-focused, competitive and sustainable farming and food industries and secure further progress via Common Agricultural Policy (CAP) and World Trade Organisation (WTO) negotiations in reducing CAP trade-distorting support.</p>	<p>Overall Defra is <b>on course</b> to meet this target. Although the ability to deliver one element of this target (to be on an agreed track by 2008 for tariff reductions) is heavily dependent on a successful conclusion of WTO negotiations.</p>



PSA target	Overall assessment
<b>PSA 6</b> To enable at least 25 per cent of household waste to be recycled or composted by 2005-06, with further improvement by 2008.	Overall Defra is <b>on course</b> to meet this target. Defra has met the 2005-06 target of 25 per cent of household waste to be recycled or composted and is well on course to show further improvement by 2008.
<b>PSA 7</b> Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy Objective.	Currently some <b>slippage</b> . The Government's plan provides a strong framework for vulnerable people, and was successful in reducing fuel poverty between 1996 and 2004 by 3 million households across England. But we face new challenges. Rising energy prices since 2003 have inevitably had an impact. Results of the 2005 <i>English House Conditions Survey</i> show that 2005 was the first year in which the number of households in the UK in fuel poverty actually rose.
<b>PSA 8</b> Improve air quality by meeting the Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3 butadiene. Joint target with Department for Transport.	Currently some <b>slippage</b> . The Government's air quality policies, are helping to bring about significant cuts in the concentration of pollutants. <i>The Air Quality Strategy</i> , published in July 2007, also sets out measures for meeting air quality objectives between 2000 and 2020, while taking into account economic efficiency, practicability, technical feasibility and timescale. We are currently considering other measures set out in the Strategy, such as the incentivisation of early uptake of new European vehicle emissions standards (Euro-standards) and the increased uptake of low emission vehicles.

PSA target	Overall assessment
<p><b>PSA 9</b> To improve the health and welfare of kept animals, and protect society from the impact of animal diseases, through sharing the management of risk with industry, including:</p> <ul style="list-style-type: none"><li>• reduction of 40 per cent in the prevalence of scrapie infection (from 0.33 per cent to 0.20 per cent) by 2010;</li><li>• a reduction in the number of cases of BSE detected by both passive and active surveillance to less than 60 in 2006, with the disease being eradicated by 2010; and</li><li>• a reduction in the spread of Bovine Tuberculosis (TB) to new parishes to below the incremental trend of 17.5 confirmed new incidents per annum by the end of 2008.</li></ul>	<p><b>Scrapie: <i>Slippage</i></b> – based on the latest modelling results we expect that the 40 per cent reduction required will not be achieved until 2011.</p> <p><b>BSE: <i>On course</i></b> – assessment is that the 2006 target was reached in 2007. Although the incidence of BSE in GB is very low and is continuing to decline there is a risk that we will not meet the 2010 target.</p> <p><b>Bovine TB: <i>On course</i></b> – we expect to meet the 2008 target for limiting the spread of Bovine TB to areas currently free from the disease.</p>

**Chapter 1:**

Aim, Vision, Values and  
Departmental Structure





This Departmental Report sets out the progress during 2007-08 against each of Defra's Public Service Agreement (PSA) targets set in Spending Review 2004 and areas of work as they relate to Defra's current strategic priorities looking forward over the next 3 years. This report also includes (in the core tables at Chapter 11) key financial data setting out the resources allocated during this and recent years.

## Defra's Strategy

Defra's strategy refresh in 2006 put us in a very good position for the 2007 Comprehensive Spending Review (CSR). It gave the Department a clear focus and ensured we were able to define clearly our priorities going forward. The new PSA structure reflected many of the comments we put to the Treasury on the old PSA regime in their review and the long-term challenges that determined the context for the CSR ensured that the whole government has to operate within a clear sustainability framework.

The outcomes of the strategy refresh have been translated into the two cross-cutting PSAs on which Defra leads for government:

- Secure a healthy natural environment for everyone's well being, health and prosperity, now and in the future.
- Lead the global effort to avoid dangerous climate change through shifting economies to a low-carbon basis, starting with action in the UK.

Underpinned by eight Departmental Strategic Objectives (DSOs) which cover the range of departmental activity:

- Climate change tackled internationally and through domestic action to reduce greenhouse gas emissions
- A healthy, resilient, productive and diverse natural environment
- Sustainable patterns of consumption and production
- Economy and society resilient to environmental risk and adapted to the impacts of climate change
- A thriving farming and food sector with an improving net environmental impact
- Sustainable Development championed across government, across the UK, and internationally
- Strong rural communities
- A respected department delivering efficient and high quality services and outcomes.

In addition Defra is a formal delivery partner in 6 further PSAs – on regional economic performance, housing, the Olympics, child poverty, international poverty reduction and counter terrorism – and a contributor (but not a named delivery partner) for a further 3 PSAs. All PSA delivery plans across government have been both rural and

sustainability proofed.

Together this new structure will help us make progress toward our mission of enabling everyone to live within their environmental means.



The new PSA framework provides a much better basis for delivery. The new PSAs clearly represent the corporate goals of government. Whereas the old Defra PSA 2 on climate change was shared only with Department for Trade and Industry (DTI) and Department for Transport (DfT), 6 government departments are now named delivery partners in the new climate change PSA. Similarly, Department for Communities and Local Government (CLG) and DfT are our formal partners in delivering the natural environment PSA and our delivery bodies are also key partners on both PSAs. For the first time as well, domestic adaptation to climate change is a key part of the climate change PSA (international adaptation is an objective of the Department for International Development (DfID) led PSA on poverty reduction). Mike Anderson, Director General Climate Change and Peter Unwin, Director General Natural Environment are the respective Senior Responsible Owners (SROs). New governance structures around these PSAs and monitoring of the new indicators should ensure more coherent cross-government action.

Departmental activity is focused both on delivering these PSAs but also on the eight DSOs which in turn will be monitored through 31 intermediate outcomes all with clear indicators. The DSO set is designed to cover the range of departmental activity. Particular points to note are that the old PSA1 on sustainable development, (SD) which never worked well as it implied Defra responsibility for all 68 SD headline indicators, has now been replaced with a DSO on championing SD at home and abroad – while overall government performance will be monitored through a new SD set of PSAs and DSOs across government. There is a new DSO on sustainable consumption and

production which is far broader than the old PSA which focused on waste recycling; a new DSO on risk recognises the centrality of our work to protect the public against environmental and animal health risks and the DSO on departmental reputation recognises the importance for Defra of getting delivery to our customers right, as well as delivering on our commitments to reduce regulatory burdens and to manage our finances well.

The CSR outcome provided a tight settlement, with a cash freeze on most programmes and a planned 5 per cent per annum real terms reduction in administrative spending. But it also provided very significant additional resource in three key priority areas: an enhanced Environmental Transformation Fund with funds of £400 million to combat climate change (and facilitate adaptation) at home and £800 million (jointly with DfID) to tackle climate change overseas; more money for flood risk management – £2.15 billion over the CSR period; doubling the resources available to the Rural Development Programme for England, with £3.9 billion available between now and 2013; and providing around £2 billion of Private Finance Initiative credits for capital spend on waste.

While protecting key licence to operate areas, Defra has aimed to reshape its budget over the next three years to reflect these new priorities. However, one of the key features of Defra activity has always been that our ability to deliver our outcomes depends on much more than just spending. Two ground-breaking pieces of domestic legislation will enable us to take forward our priorities over the CSR period and beyond. The new Climate Change Bill will put in place new structures through the carbon budgets and the Climate Change Committee to give new force to the Government's targets for CO<sub>2</sub> reduction. The Marine Bill will be a major step forward in marine protection and planning. It will benefit all who make a living from the sea by helping to get the most we can from it in a sustainable way while protecting precious resources.

Defra outcomes are also crucially dependent on actions by others – not just other government departments but also other levels of government and through engaging not only our stakeholders but also business and the wider public. In 2008-09 and throughout the CSR period we will aim to build on the foundations we have laid during 2007-08:

- at regional level, the regional economic performance PSA has a strong sustainability component and this is reflected in the Regional Development Agency tasking framework. The Sub-National review consultation document paves the way for new single regional strategies which will be placed in a clear sustainability framework and be aimed at delivering not only the Government's housing and economic performance agendas but also support delivery of our climate change and natural environment objectives;
- the new Local government performance framework, based on 198 indicators, which replace over a thousand before has a much stronger representation of Defra interests – with new indicators on climate change mitigation and adaptation and biodiversity alongside waste and local environmental quality;



- a new Third Sector fund will build on previous initiatives such as 'Every Action Counts' and the 'Environmental Action Fund' and help establish a partnership with the voluntary and community sector on 'Act on CO<sub>2</sub>' while we contribute to support the Third Sector in advocating the needs of rural communities;
- the 'Act on CO<sub>2</sub>' campaign, launched in summer 2007, will continue to be used by the Government and other partners to inform and inspire the public to take actions to reduce their own carbon footprint; and
- Defra will continue to work with business, both in continuing dialogue on individual issues and also by taking an increasingly joined up and strategic approach. We will also continue to improve our knowledge base and understanding of business needs.

International action will continue to be important for Defra. The next two years are a critical period in establishing the post-2012 international regime for emissions reduction and Defra will continue to work with other government departments to secure a successful outcome to the Copenhagen meeting at the end of 2009. Within the EU, the forthcoming Common Agricultural Policy (CAP) health check is an opportunity to move forward towards our vision for the CAP.

The Prime Minister has made reform of the international system a priority and this is an opportunity to strengthen international environmental governance and to put sustainable development, and in particular the urgent need to tackle climate change at the top of the agenda of key international institutions. Defra will continue to be a key player in these discussions.

## **Renew Defra programme**

The urgency and scale of the problems we need to tackle call for a new sort of Department. The Department has been restructured to reflect these changed priorities – in particular with the creation of new Groups dealing with Climate Change and the Natural Environment. The department has been reshaped – within a reducing headcount, numbers dealing with climate change and sustainable consumption and production have been increased – to a large extent by reducing numbers working in the Food and Farming Group.

But the strategy refresh also made clear that Defra needed to be able to behave differently if we were to be able to deliver. In particular we needed to be able to move people and resources more quickly to respond to new challenges and we needed to be able to get the best out of the people we have. The Renew programme, which is now in its second year, should allow us to do that.

Its key features are that most of our work is now brigaded into clear programmes and projects, with clear outcomes and accountabilities. A new mechanism for Flexible Staff Resourcing will allow us to be much more effective in reallocating people to meet new demands – and also foster more cross-departmental working – underpinned by streamlined Defra processes and a common approach to policy development. The Management Board adopts a more corporate performance role, with regular progress reports from Director-level SROs on both DSOs and designated Management Board programmes.

To get the best out of our people, we have introduced a new system of development management, independent of line management, to ensure that people's learning and development needs are properly considered. Every member of Defra staff now has an allocated Development Manager.

## Defra as Sustainability Leader

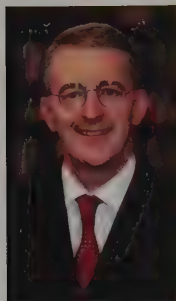
We also know that as a department we have to be seen to practice what we preach. Our mission is to help people live within our environmental means – and our new Defra as Sustainability Leader programme aims to put Defra in the vanguard of showing how everyone – business, government, individuals – can reduce their environmental impacts, while being an employer of choice and contributing to the local community and doing all this in a way that makes financial and business sense. Over the next three years, Defra aims to deliver on all these objectives and in doing so make Defra a place where everyone is proud to work and where others can look to Defra's lead for inspiration.

## Accountability

There are three main pillars of the Department's accountability arrangements:

- **Hilary Benn**, the Secretary of State, has overall statutory and political accountability to Parliament for all matters associated with the Department. He determines the policy framework within which the Department operates, agrees the Department's role in meeting the Government's objectives and is accountable for delivery of the two Public Service Agreements on which Defra leads;
- **Helen Ghosh**, the Permanent Secretary, as Head of the Department and Principal Accounting Officer, has personal responsibility for the overall organisation, management and staffing of the Department and for Department-wide procedures in finance and other matters. The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which she is accountable; and
- **the Management Board** (chaired by the Permanent Secretary) is responsible for corporate strategic leadership of the Department. Managers and staff at all levels have the responsibility for delivering the Department's objectives.

## Defra's Ministers<sup>2</sup>



**Hilary Benn**  
Secretary of State



**Jeff Rooker**  
Minister for Sustainable  
Food and Farming and  
Animal Health



**Phil Woolas**  
Minister for the  
Environment



**Joan Ruddock**  
Minister for  
Climate Change,  
Biodiversity & Waste



**Jonathan Shaw**  
Minister for Marine,  
Landscape & Rural  
Affairs and  
Minister for the  
South East

<sup>2</sup> Further detail on the Ministers portfolio can be found on-line at: <http://www.defra.gov.uk/corporate/ministers/index.htm>



# The Department’s Management Board<sup>3</sup>

<b>Helen Ghosh</b> Permanent Secretary	
<b>Bill Stow</b> Director General, Strategy and Evidence Group	<b>Peter Unwin</b> Director General, Natural Environment Group
<b>Katrina Williams</b> Director General, Food and Farming Group	<b>Fred Landeg</b> Acting Chief Veterinary Officer and Director General, Food and Farming Group
<b>Mike Anderson</b> Director General, Climate Change Group	<b>Gill Aitken</b> Solicitor and Director General, Legal Group
<b>Stephen Park</b> Interim Director General Finance	<b>Professor Robert Watson</b> Chief Scientific Advisor
<b>Poul Christensen</b> Non-executive Director	<b>Bill Griffiths</b> Non-executive Director
<b>Alexis Cleveland</b> Non-executive Director	

<sup>3</sup> Further details of the Management Board and meetings can be found on the Defra website: <http://www.defra.gov.uk/corporate/manboard/index.htm>

## Chapter 2: Tackling climate change



## HIGHLIGHTS DURING 2007-2008

The Nobel Peace Prize was jointly awarded to The United Nations Intergovernmental Panel on Climate Change (IPCC) and Al Gore in November 2007. The IPCC received this honour following publication of its 4<sup>th</sup> assessment report<sup>4</sup>, on which UK experts and Defra officials worked.

In December 2007, all Parties to the United Nations Framework Convention on Climate Change (UNFCCC), developed and developing, agreed in Bali to a comprehensive action plan, the so-called Bali Action Plan. This aims to achieve a global climate deal at the UNFCCC meeting in Copenhagen by the end of 2009.

The Climate Change Bill (the first of its kind in any country), covering both mitigation and domestic adaptation was introduced to Parliament in November 2007 and is expected to receive Royal Assent by autumn 2008.

In January 2008, Lord Adair Turner was appointed first chair of the Committee on Climate Change (the independent body that will advise the government on how the UK can optimally achieve its emissions reductions goals for 2020 and 2050). The first five founding members were appointed in February and the committee has now met in shadow form pending Royal Assent to the Climate Change Bill.

In May 2007, the Energy White Paper was published. It set out how the UK will deliver a low carbon economy and announced further measures so that individuals, businesses and Government can reduce their carbon emissions and save energy by 2020.

The UK submitted its Energy Efficiency Action Plan to the European Commission in June 2007 (one of only two Member States to do so within the deadline) in which we announced that the UK expects to double its indicative energy saving target from 9 per cent to 18 per cent by 2017.

The second phase of the Energy Efficiency Commitment (EEC2), which ran from 2005 to 2008, came to an end on 31 March. The scheme provided over £1.2 billion of private sector investment over the three-year period and is estimated to deliver savings that will reach 1.8 million tonnes of CO<sub>2</sub> per annum over the lifetime of the measures installed.

<sup>4</sup> see <http://www.ipcc.ch/ipccreports/ar4-syr.htm> for a copy of the report



Climate change is the greatest environmental challenge facing the world today. Rising global temperatures will bring changes in weather patterns, rising sea levels and increased frequency and intensity of extreme weather. The effects will be felt in the UK and internationally. The challenge is a global challenge that demands a global response and all countries must be part of the solution.

The UK's strategy for tackling climate change has been set out in two documents: the 2006 UK Climate Change Programme<sup>5</sup>; and the 2007 Energy White Paper. The former sets out the policies and measures which the UK is using to cut its emissions of greenhouse gases. It also explains how the UK plans to adapt to the impacts of climate change. The latter document sets out the Government's policy to deliver a secure low carbon economy.

## Overview

The main aspects of Defra's work on climate change and energy are:

- international negotiations covering both climate change mitigation and adaptation;
- domestic policy and strategy on climate change mitigation;
- leading Government action on domestic adaptation; and
- scientific and technical advice on climate change and adaptation to deal with its consequences.

While Defra is the lead Department responsible for tackling the cause and consequences of climate change, success requires action by all Departments and, in particular those that are partners to the new 2008-09 to 2011-12 Climate Change PSA target Foreign and Commonwealth Office (FCO), Department for International Development (DfID), Department for Business Enterprise and Regulatory Reform (BERR), Department for Communities and Local Government, (CLG) and HM Treasury.

## Assessment of progress made against Public Service Agreement Targets

This is the last time that Defra will report on these 2004 Spending Review PSAs individually. From April 2008, we will report on the new 2007 Comprehensive Spending Review (CSR07) Climate Change PSA, which covers the period 2008-11.

### Public Service Agreement target 1: Climate change indicator

Progress towards internationally agreed commitments to tackle climate change.

The Government is **on course** to meet this commitment.

<sup>5</sup> Read more at <http://www.defra.gov.uk/environment/climatechange/uk/ukccp/pdf/ukccp06-all.pdf>

The UK plays a leading role on climate change at the international level, in particular through the European Union, G8 and UN Framework Convention on Climate Change (UNFCCC) processes<sup>6</sup>. The subject of climate change is now a major issue for other international bodies and meetings such as the G7 and G20 Finance meetings, the World Bank, the International Monetary Fund (IMF), the International Energy Agency (IEA) and the Organisation for Economic Co-operation and Development (OECD). This should ensure development of the supportive systems necessary to reach global agreement on action to avert dangerous climate change. The UK Government's goal on climate change is to stabilise the levels of greenhouse gases so that we avoid dangerous climate change (mitigation), and to adapt to unavoidable climate change.

The agreement at the UNFCCC meeting in Bali in November 2007, on an Action Plan for achieving a global climate deal by the end of 2009, represents an historic breakthrough. It achieved almost all of the UK's objectives for the meeting and as such we are currently on course to meet this PSA. The agreement can be seen as a result of the coming together of:

- the scientific evidence of the urgency of the problem (based largely on the 2007 IPCC 4<sup>th</sup> Assessment Report on which UK experts and officials worked);
- the economics demonstrating that the costs of climate change far outweigh the costs of tackling it (and this was especially due to the publication of the Stern Review of the Economics of Climate Change in 2006, commissioned by the then UK Chancellor Gordon Brown, on which Defra gave both analytical and financial support to); and
- a building of political momentum over challenge of climate change over the last year.

Any effective framework to tackle climate change will need to provide adequate provision for adaptation. This is one of the main objectives for developing countries and it is unlikely to be possible to get a global deal without it. Developing countries will demand significant investment from developed countries to support their urgent adaptation needs. We will also be seeking to include the need to reduce emissions caused by deforestation in the agreement. The Bali Action plan includes the explicit acknowledgement that more action is needed to integrate climate risks into normal development policies. We are working internationally to identify how the UNFCCC can facilitate this.

Crucial to achieving this PSA is securing a global agreement on a realistic, robust, durable and fair framework for the post-2012 period, when the first set of targets under the Kyoto Protocol will expire. Bali is only the start of what will be a very difficult, complex and highly political two year negotiation process, which will require continued and significant diplomatic effort and leadership.

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<sup>6</sup> <http://www.defra.gov.uk/environment/climatechange/internat/g8/index.htm> and <http://www.defra.gov.uk/environment/climatechange/internat/un-kyoto.htm>



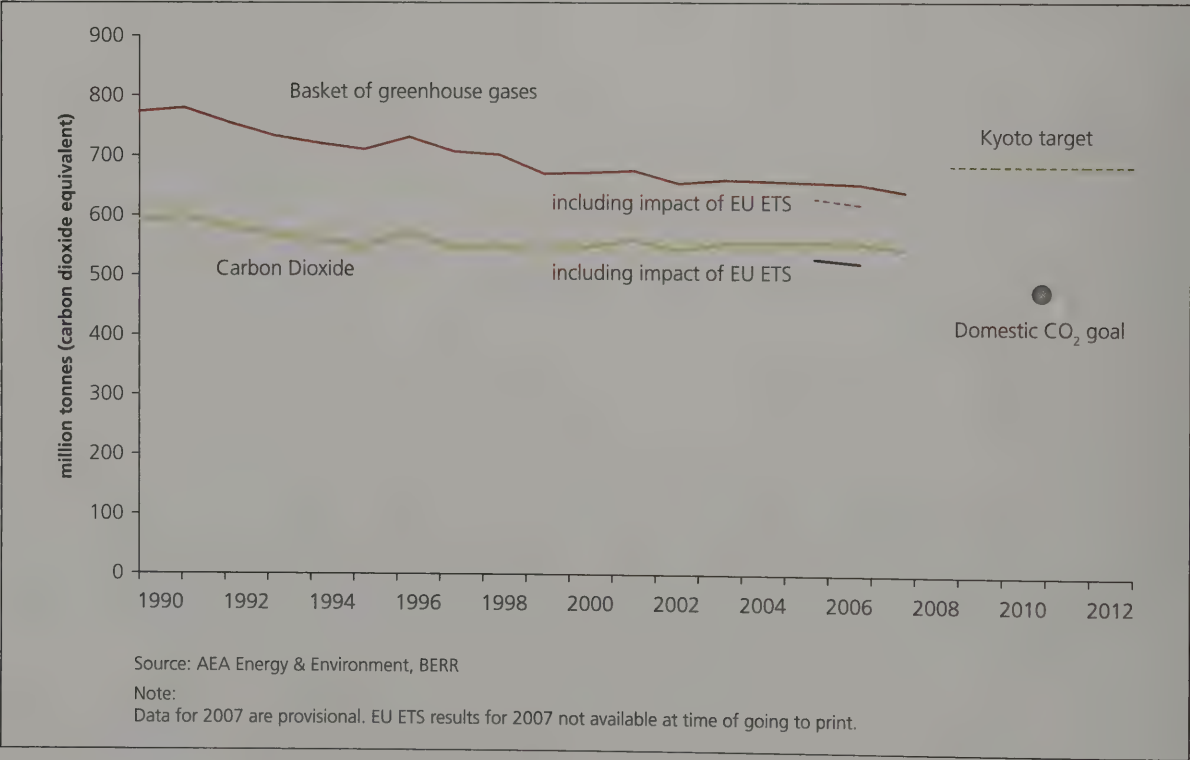
Public Service Agreement target 2: Reducing greenhouse gas emissions

To reduce greenhouse gas emissions (GHG) to 12.5 per cent below base year levels in line with our Kyoto commitment and move towards a 20 per cent reduction in carbon dioxide emissions below 1990 levels by 2010 through measures including energy efficiency and renewables. Joint with Department for Business, Enterprise and Regulatory Reform (BERR) and the Department for Transport (DfT).

The Government is *on course* to meet the Kyoto element of this PSA target.

We now estimate that in 2010, and including the effect of the EU Emissions Trading Scheme (EU ETS), carbon dioxide (CO<sub>2</sub>) emissions will be about 16 per cent below 1990 levels, and emissions of all greenhouse gases will be about 24 per cent below Kyoto-base year levels. The UK therefore remains on target to meet its Kyoto target. However, our domestic goal to reduce CO<sub>2</sub> emissions to 20 per cent below 1990 levels by 2010, which was always designed to be stretching, now looks increasingly difficult to achieve. The graph below shows the UK's emissions of a basket of greenhouse gases covered under the Kyoto Protocol, both including and excluding the effect of the EU ETS.

Figure 1: UK Emissions of Greenhouse Gases (1990-2006)



## Public Service Agreement target 7: Eliminate Fuel Poverty

Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy Objective.

Currently some *slippage*. Progress between 1996 and 2004 was positive, with total numbers in fuel poverty in England falling from 5.1 million to 1.2 million. However, latest figures show that 1.5 million households in England were in fuel poverty in 2005. A rise in fuel costs have been the main reason for the increase in fuel poverty.

The Government is committed and has a legal duty to ensure that, as far as reasonably practicable, people in UK do not live in fuel poverty after November 2016-18. The eradication of fuel poverty is a devolved issue with the Devolved Administrations responsible for the achievement of respective targets in their own countries.

Defra is responsible for tackling fuel poverty in vulnerable households, as far as reasonably practicable, in England by 2010. Defra's main programme for tackling fuel poverty is the Warm Front Scheme, managed by eaga plc. The Warm Front Scheme has assisted over 1.6 million households since it started in 2000 through the installation of a range of energy efficiency and heating measures.

This programme was successful in reducing fuel poverty between 1996 and 2004 by 3 million households across England, but we face new challenges. Fuel poverty is driven by three elements: the energy efficiency of the property, household income and the price of fuel. The degree of challenge in achieving the fuel poverty target is affected by two of these elements being out of Defra's direct control. Rising energy prices since 2003 have inevitably had an impact. Results of the *2005 English House Conditions Survey* (the latest figures available) show that 2005 was the first year in which the number of households in fuel poverty in England rose. The overall number of households in fuel poverty in England in 2005 was 1.5 million (around 7 per cent of all households), and the number of vulnerable households was 1.2 million. Latest estimates indicate that there may still be 1.2 million vulnerable households in fuel poverty in England by 2010.

Since 2000, the Government has spent in the region of £20 billion on tackling fuel poverty across the UK. This includes funding for fuel poverty programmes and benefits such as Warm Front, the Decent Homes programme and the Winter Fuel Payments. This support has been an important part of the action taken to tackle fuel poverty.

## Performance during 2007-2008

### International Climate Change:

- the G8 made unprecedented progress on climate change under the German Presidency at the June 2007 Heiligendamm Summit. They called for strong and early action, sending a clear signal to the UN Climate Change Convention (UNFCCC) meeting in Bali in December on the need to launch talks immediately on a post-2012 climate change framework in order to conclude by 2009;



- the Bali Action Plan takes forward international efforts to combat global warming. It commits developed and developing countries over the next two years to negotiating a long-term global goal for emission reductions and to agreeing measurable, reportable and verifiable national and international action to mitigate climate change. These include commitments on emission limitation and reduction objectives by developed countries;
- the Bali conference also agreed rules for demonstration activities to reduce emissions from deforestation in developing countries, and that these incentives to reduce emissions would be part of the agreement reached in 2009 under the Bali Action Plan;
- the African Springboard will focus on projects that suit local conditions, maximising the value from the carbon market to host countries and communities, and is expected to generate \$2 million in Clean Development Mechanism (CDM) investment in its first year. UK has pledged an initial £100,000 in start up costs as well as in-kind support and local liaison help to the Springboard, which will initially focus on sub-Saharan countries that have no CDM projects yet. There are significant barriers to CDM projects in Africa which include an absence of capacity to undertake projects and a lack of local capital and private sector engagement, as well as investment and institutional barriers. The UK has the highest number of registered CDM projects of all the investor countries (41 per cent – 350 projects as of March 2008) and London is the world centre for carbon finance;
- in Bali, the UK also announced a partnership between the UK Government and several major UK-based financial firms to fund a for-profit company to develop projects that will contribute to emission reductions for sub-Saharan African countries;
- at the Bali conference the Secretary of State also announced that the UK would contribute £15 million (\$30 million) to the World Bank's Forest Carbon Partnership Facility which will build capacity for developing countries to participate in incentive schemes to reduce emissions from deforestation, and undertake pilot schemes;
- Phase II of the EU Emission Trading Scheme (EU ETS) started on 1 January 2008;
- the UK played a key role in negotiations for the inclusion of aviation in the EU ETS, reaching a political deal in December 2007. Key elements include coverage of all arriving and departing flights, a 2012 start, and a challenging cap;
- in September 2007, Phase II of the UK-India Collaboration to Identify the Barriers to the Transfer of Low Carbon Energy Technology<sup>7</sup> was agreed. This work will assess the barriers to the transfer of low carbon energy technology and facilitate technological co-operation between developed and developing countries; and
- in November 2007, a Joint UK-China initiative on producing energy from coal with low carbon dioxide emissions was launched<sup>8</sup>. The Near Zero Emissions Coal Initiative (NZEI) will initially involve an 18-month work programme to help build capacity for carbon capture and storage technology in China.

<sup>7</sup> <http://www.defra.gov.uk/environment/climatechange/international/devcountry/india.htm#jointstudy>

<sup>8</sup> <http://www.defra.gov.uk/news/2007/071120b.htm>

## Climate Change Bill

The Climate Change Bill is the first of its kind in any country. The Bill provides a clear, credible, long-term framework for the UK to achieve its goals of reducing carbon dioxide emissions, and will ensure that steps are taken towards adapting to the impacts of climate change. The draft Bill was published on 13 March 2007 for pre-legislative scrutiny and public consultation. On 29 October 2007 the Government published its response to the parliamentary scrutiny and public consultation in the Command Paper *Taking Forward the UK Climate Change Bill*. This explained the ways in which the Government was strengthening the Climate Change Bill and making it more transparent, ahead of its introduction to the House of Lords on 14 November 2007. The Bill completed its passage of the House of Lords on 31 March 2008, and should receive Royal Assent by autumn 2008<sup>9</sup> at the latest. Changes made to the Bill in the Lords include strengthening the adaptation provisions to ensure that bodies providing public services address the impacts of climate change.

## Adaptation

During 2007-08, Defra established a central team to lead policy development on domestic adaptation and to develop a coherent programme (including an Adaptation Policy Framework) across Government.

Defra continued to fund ground-breaking work by the UK Climate Impacts Programme<sup>10</sup>, based at the Environmental Change Institute at Oxford University. The programme helps to co-ordinate scientific research into the impacts of climate change and helps organisations – both public and private – to assess the risks and opportunities of unavoidable climate impacts.

## Energy Efficiency

The UK Government set out its policies to deliver a secure, low carbon energy mix for the UK by 2020 when it published its Energy White Paper *Meeting the Energy Challenge*<sup>11</sup> in May 2007. The White Paper announced further measures that will ensure individuals, businesses and Government reduce their carbon emissions and save energy by 2020. One of these measures was a pioneering mandatory emissions trading scheme for around 5000 public and private organisations (equivalent to 10 per cent of UK emissions), including government departments, retailers, banks and local authorities. It will be known as the Carbon Reduction Commitment (CRC) and is scheduled to begin operation in 2010.

<sup>9</sup> <http://services.parliament.uk/bills/2007-08/climatechangehl.html>

<sup>10</sup> <http://www.ukcip.org.uk/>

<sup>11</sup> <http://www.defra.gov.uk/environment/climatechange/uk/energy/whitepaper.htm>



Following on from the Energy White Paper, on 29 June 2007 the UK Government published its National Energy Efficiency Action Plan. The Plan sets out the current and planned policies and measures the Government and the Devolved Administrations have in place to improve energy efficiency in the household, business, public and transport sectors. The plan demonstrates how we will meet our national indicative energy savings target under the EU Energy End-Use Efficiency and Energy Services Directive.

### **Renewable Energy and Materials**

In May 2007 the Government published the UK Biomass Strategy<sup>12</sup>. The strategy draws on detailed work to evaluate the role biomass can play in helping to meet our future energy needs. Its aim is a major expansion in the sustainable supply and use of biomass for electricity and heat, transport fuels and a range of industrial materials and products. The Government also issued its response to the 2 year progress report on the Strategy for Non-Food Crops and Uses<sup>13</sup>, which incorporated a refocused action plan.

The Energy Crops Scheme (ECS) 2007-13, part of the Rural Development Programme for England 2007-13, opened for applications on 1 October 2007. (See Chapter 5 Securing a natural healthy environment).

In February 2008, the Government announced its intention to run further rounds of the Bio-energy Capital Grants Scheme and the Bio-energy Infrastructure Scheme. These are likely to be launched early in 2008-09 financial year. Since 2005 Defra has contributed £2.5 million per year to the Renewable Energy and Energy Efficiency Partnership (REEEP), funding work that accelerates the development of markets for low carbon technology in developing countries.

Also in February 2008, it was announced that around £10 million would be available from the Environmental Transformation Fund towards the construction of a series of anaerobic digestion demonstration plants operating in different sectors and generating renewable energy from a range of feed-stocks. Defra held a successful workshop in September 2007 on how we can work with stakeholders to facilitate a faster uptake of anaerobic digestion in England.

Defra is providing £10 million equity funding, over two years, to Carbon Trust Enterprises Limited for the launch of their Partnerships for Renewables. This partnership enables local authorities, health trusts and other public sector bodies to work with private sector partners to develop, construct and operate wind and other renewable energy projects on public sector land. The scheme signed its first lease option agreement in March 2008.

<sup>12</sup> <http://www.defra.gov.uk/environment/climatechange/uk/energy/renewablefuel/pdf/ukbiomassstrategy-0507.pdf>

<sup>13</sup> <http://www.defra.gov.uk/environment/climatechange/uk/energy/renewablefuel/pdf/nonfoodstrat-2yearreview.pdf>

## Supporting Local and Regional Government Action

Defra worked with the Department for Community and Local Government (CLG) and other Departments to develop its element of the new 'local government Performance framework' that will apply from 1 April 2008. 13 indicators relating to Defra's objectives have been included, representing a significant advance for the Department in terms of raising the profile of Defra priorities with local government. In relation to the climate change PSA, there are three indicators (two on mitigation and one on adaptation) and there is an additional indicator on fuel poverty.

Defra led the development of the clauses in the Greater London Authority (GLA) Act establishing a duty for the Mayor and London Assembly to address climate change. Defra also led work on the adaptation clauses of the Act, requiring the Mayor to produce a strategy on how London will adapt to the consequences of climate change. Working with the Department for Business Enterprise and Regulatory Reform (BERR), Defra also contributed to the clauses on climate change mitigation and energy. The Act received Royal Assent in October 2007.

Defra worked closely with CLG and BERR on a number of important climate change developments including the December 2007 planning policy statement on climate change (Defra has additionally co-financed the guidance to accompany the 'Planning Policy Statement' (PPS) and the 'September 2007 Energy Measures Report'.

## Fuel Poverty

The 'Community Energy Efficiency Fund' (CEEF) was launched in June 2007 with applicants invited to apply for support via a competitive process for the allocation of £6.3 million funding available in England. In September 2007, 50 projects were offered funding from the CEEF. Those offered funding include a range of new and established projects, each bringing together key players at the local level.

In December 2007, the Government announced an ongoing commitment to the Warm Front Scheme of just over £800 million during the next Comprehensive Spending Review (CSR) period (2008-2012). It has also announced that the Carbon Emissions Reduction Target (CERT) will have a focus on low-income and elderly customers through the priority group obligation. This is where energy suppliers will be required to meet 40 per cent of their carbon saving target by installing free of charge energy efficiency measures to a priority group of low-income and elderly customers (aged 70 and over). The effect of this increased activity, together with the Warm Front funding, mean that spending on energy efficiency and other measures in low-income, elderly and disabled households is expected to rise, by £680 million to around £2.3 billion compared to the previous spending period.



In the winter of 2007-08 Defra worked with energy suppliers and the Warm Front Scheme Manager to send out a mail-shot to 250,000 pension credit recipients, offering free insulation and help to install central heating. This was done to assist suppliers to find vulnerable customers that could benefit from the free energy efficiency measures being offered under EEC and will continue to offer under the renamed programme Carbon Emissions Reduction Target (CERT)<sup>14</sup>.

Defra continued to work, on the cross-government communications campaign, 'Keep Warm Keep Well'. The aim of the campaign is to help promote independence and well-being for vulnerable and at-risk people.

### Personal Carbon Trading

Defra led a cross-Government pre-feasibility study looking into the potential value of personal carbon trading that aimed to deliver an initial view on the value of personal carbon trading compared to other approaches to reduce individuals' carbon dioxide emissions.

### Carbon Offsetting

In February 2008, Defra published the draft *Code of Best Practice for Carbon Offsetting*<sup>15</sup>. Once established, this code, which is voluntary, should provide consumers with greater assurance when purchasing offsets.

## Looking forward to 2008-2009

### International Climate Change

The Government hopes that agreement on the Climate and Energy package published by the European Commission in January 2008 will be reached by the end of 2008 and at the latest by early 2009. This will set the future shape of the EU Emissions Trading Scheme (ETS) from 2013 onwards and share greenhouse gas reduction efforts to be made by each Member State outside the EU ETS sectors to 2020.

The UK will press for final agreement and adoption of the changes to the EU ETS Directive in 2008 to include aviation.

The Budget in 2007 announced a joint Defra/Department for International Development (DfID) £800 million international element of the fund over the same period, to focus on poverty reduction and environmental protection, and help developing countries to tackle climate change. This brings the total value of the ETF to £1.2 billion over the three year period. The first £50 million has been earmarked to help tackle deforestation in the Congo basin.

An important staging post to reaching agreement on a post 2012 Framework in Copenhagen at the end of 2009 will be Convention of the Parties – 14th meeting in Poznan (Poland) at the end of 2008.

<sup>14</sup> CERT places an obligation on energy suppliers to promote energy efficiency measures to householders

<sup>15</sup> <http://www.defra.gov.uk/news/latest/2008/climate-0219.htm>

## Climate Change Bill

The Bill should receive Royal Assent by autumn 2008<sup>16</sup>.

The Committee on Climate Change will be formally established as a Non Departmental Public Body (NDPB) shortly after Royal Assent to the Bill.

By 1 December 2008, the Committee on Climate Change will provide advice on the level of the first three 5-year carbon budgets, covering the period 2008–22. It will also complete its review of the level of the 2050 target; of the inclusion of the other Kyoto greenhouse gases in our targets and budgets; and the implications of including international aviation and shipping.

Work on implementing the Bill will be to the fore in 2008-09, in particular developing the Government's policies and proposals to meet the carbon budgets. The Chancellor has announced that the first carbon budgets will be announced alongside the Budget in March 2009.

## Energy Efficiency

The Environmental Transformation Fund (ETF) is a new initiative to bring forward the development of new low carbon energy and energy efficiency technologies in the UK. It will formally begin operation in April 2008. It will be jointly administered by Defra and the Department for Business, Enterprise and Regulatory Reform (BERR). The Fund has both an international and domestic elements. Funds within the domestic element of the Fund will total £400 million during the period 2008-09 to 2010-11.

As part of the domestic ETF, the Carbon Trust will receive £47.4 million to bring forward new energy technologies such as offshore wind, third-generation photovoltaic power, marine energy and biomass heating. This funding will also be used to increase the Carbon Trust's energy-saving loans scheme for small and medium sized enterprises by a further £12 million to £62 million since 2003. In addition, over the next three years the government will also provide around £10 million for a new anaerobic digestion demonstration programme. Up to four commercial-scale facilities will show the potential of this technology to create renewable energy, reduce greenhouse gas emissions and avoid waste being sent to landfill.

The Government will continue to work closely with Devolved Administrations, regulators and stakeholders on developing the Carbon Reduction Commitment (CRC). Government will issue a detailed consultation on the scheme regulations over summer 2008 and seek to introduce the draft regulations to Parliament in autumn/winter 2008-09 once the consultation has been assessed. If passed, we expect the CRC regulations to come into force in April 2009 and for the scheme to begin in January 2010. The Climate Change Bill will be the legislative vehicle for the CRC.

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<sup>16</sup> <http://services.parliament.uk/bills/2007-08/climatechange.html>



From April 2008 to March 2011, the Carbon Emissions Reduction Target (CERT) will build on the success of its predecessor, the Energy Efficiency Commitment<sup>17</sup>, under CERT, suppliers achieve their carbon reduction targets by encouraging and assisting householders to take up energy efficiency and microgeneration measures. Over the three-year period, around 5 million households could benefit from significant energy saving measures, mainly cavity wall, loft and solid wall insulation, and an additional 2-3 million households could benefit from measures with smaller but important energy saving benefits, such as energy efficient appliances. Overall annual net savings by 2010 are estimated to reach 4.2 million tonnes of CO<sub>2</sub>.

From 1 April 2008 the Energy Saving Trust will be supported with £100 million to operate the new Green Homes Service, a proactive scheme based on a regional network of one-stop-shops. The service will provide advice not only on energy efficiency but also on microgeneration, water efficiency, recycling and greener travel, and easy access to an energy audit and the full range of discounted and free offers available.

The Government has committed<sup>18</sup> to an obligation on household energy suppliers until the end of the next decade, delivering at least 11–14.7 million tonnes of CO<sub>2</sub> savings per annum by 2020. Defra is working closely with key stakeholders on the development of options for the post-CERT supplier obligation and intends to publish a public consultation by autumn 2008. Defra will enter into voluntary agreements with energy suppliers in May 2008 to promote energy services to business customers not covered by other policy instruments. This should deliver 0.4–0.7 million tonnes of carbon by 2013.

The Energy End-use Efficiency and Energy Services Directive will promote energy efficiency in the UK and must be implemented in the UK by the 17 May 2008 deadline.

### **Renewable Energy and materials**

The Renewable Transport Fuel Obligation (RTFO) came into force in April 2008 to encourage further the supply of sustainable biofuels. By 2010, 5 per cent of the fuels sold on forecourts should come from renewable sources.

The Government has commissioned the Renewable Fuels Agency to review the evidence on the economics and sustainability of biofuels, especially the potential displacement effects. This is due to report to Ministers by the end of June 2008.

We will continue to work with other Departments, including BERR and DfT, to input into negotiations on the EU's proposed 'Renewable Energy Directive' and 'Fuel Quality Directive', to ensure that sustainability issues for biofuels are properly addressed. Together with BERR, we will contribute to the EU's proposed Lead Market initiative for sustainable low carbon bio-based products.

<sup>17</sup> <http://www.defra.gov.uk/environment/climatechange/uk/household/eec/index.htm>

<sup>18</sup> <http://www.berr.gov.uk/energy/whitepaper/page39534.html>

We will continue to fund, the Renewable Energy and Energy Efficiency Partnership (REEEP) for 3 years from 2008, with £2.5 million available in 2008-09. We will work with other departments, other countries and the private sector to develop REEEP's programme of work in a way that has the maximum impact on countries' ability to address greenhouse gas emissions, energy security and access to energy.

## **Adaptation**

Defra will continue to develop a cross-Government Adaptation Policy Framework. The Framework will identify priority areas for action, such as major infrastructure, protecting people, the economy and ensuring sustainable communities, where Government Departments need to work closely together to ensure adaptation occurs.

Defra will continue to fund UK Climate Impacts Programme (UKCIP) as part of its wider programme of action on adaptation. UKCIP publishes climate change scenarios on behalf of the Government: which are widely used in research into the impacts of climate change. In Autumn 2008, updated probabilistic climate change scenarios for the UK (UKCIP08), will be published. These will be a significant step in strengthening the evidence base for organisations in considering the risks and opportunities of a changing climate.

Defra will continue to work on the statutory programme as set out in the Climate Change Bill, including the national risk assessment, the programme that flows from this and statutory guidance to help public authorities and statutory undertakers understand how to assess the risks of climate change and plan any related action.

Once the Climate Change Bill has received Royal Assent, Defra will publish the Adaptation Policy Framework, summarising the impacts of climate change in England, highlighting action the Government has already taken to adapt to the impacts of climate change, how it will develop policy, and encourage decision-makers across the public, private and third sectors to take effective and sustainable adaptation decisions.

## **Supporting Local and Regional Government Action**

As set out in the previous section about achievement in 2007-08, a number of indicators on climate change have been included in the new local government performance framework to apply from 1 April 2008. Defra will continue to work closely across Government and with the regional Government Offices to ensure that climate change is properly represented in Local Area Agreements, where specific performance improvements are agreed for up to 35 national indicators. As things stand, a high proportion of local authorities have indicated a desire to include climate change targets in their agreements.

Defra provides a wide variety of support for all levels of Government to reduce emissions and adapt to the consequences of climate change. A new £4 million Best Practice Programme was launched, to help local authorities deliver effectively against the new climate change requirements of the Local Government Performance Framework. With the guidance of a Programme Board made up of national bodies and local authority experts, this Programme will be rolled out during 2008-09.

Defra will continue to work at the regional and local level, exploring with UK Climate Impacts Programme, Improvement and Development Agency for Local Govt, Regional Climate Change Partnerships and Government Offices how government can best support regional bodies and local authorities in developing best practice and building skills on adaptation. In particular Defra will continue to support local authorities in taking forward the adaptation local government performance indicator.

### **Public Engagement**

The Government will continue to roll out its 'Act on CO<sub>2</sub>' campaign. It will do this by working closely with delivery bodies, non-government organisations and membership organisations to persuade the public to Act on CO<sub>2</sub> by increasing awareness and understanding of the relationship between climate change and CO<sub>2</sub> and supporting the individual's ability to help address the problem. The web-based Act on CO<sub>2</sub> calculator will be further developed over the course of 2008 in the light of feed-back and evaluation.

### **Carbon Offsetting**

The draft Code of Best Practice for Carbon Offsetting will be finalised in spring 2008 and launched with the quality mark to consumers in the summer.

Defra expects to publish findings from the personal carbon trading pre-feasibility study in Spring 2008. The study has considered the potential value of personal carbon trading, as just one of a number of potential long term options being explored for making individuals better informed about, and involved in, tackling climate change.





**Chapter 3:**  
Sustainable Development



## HIGHLIGHTS DURING 2007-2008

Fewer sustainable development strategy indicators showing negative trends.

Arrangements and commitments to drive sustainable procurement and operations in Government strengthened.

Sustainable development taken into account in a number of new policy developments across Whitehall.

International sustainable development dialogues delivering projects.

The Cabinet Secretary announced that sustainability of the government estate will be one of his four corporate priorities for the civil service.

Defra published capacity-building materials for use in Government and beyond to improve the sustainability aspects of policy-making and strategy development.

All Government Departments (and some Non-Departmental Public Bodies) have published updated Sustainable Development Action Plans.

Twenty Seven national Voluntary and Community Sector organisations prepared their own sustainable development action plans and so far over 200 Voluntary and Community Sector organisations nationwide have signed the third sector declaration on climate change, launched as a result of the 'Every Action Counts' initiative.



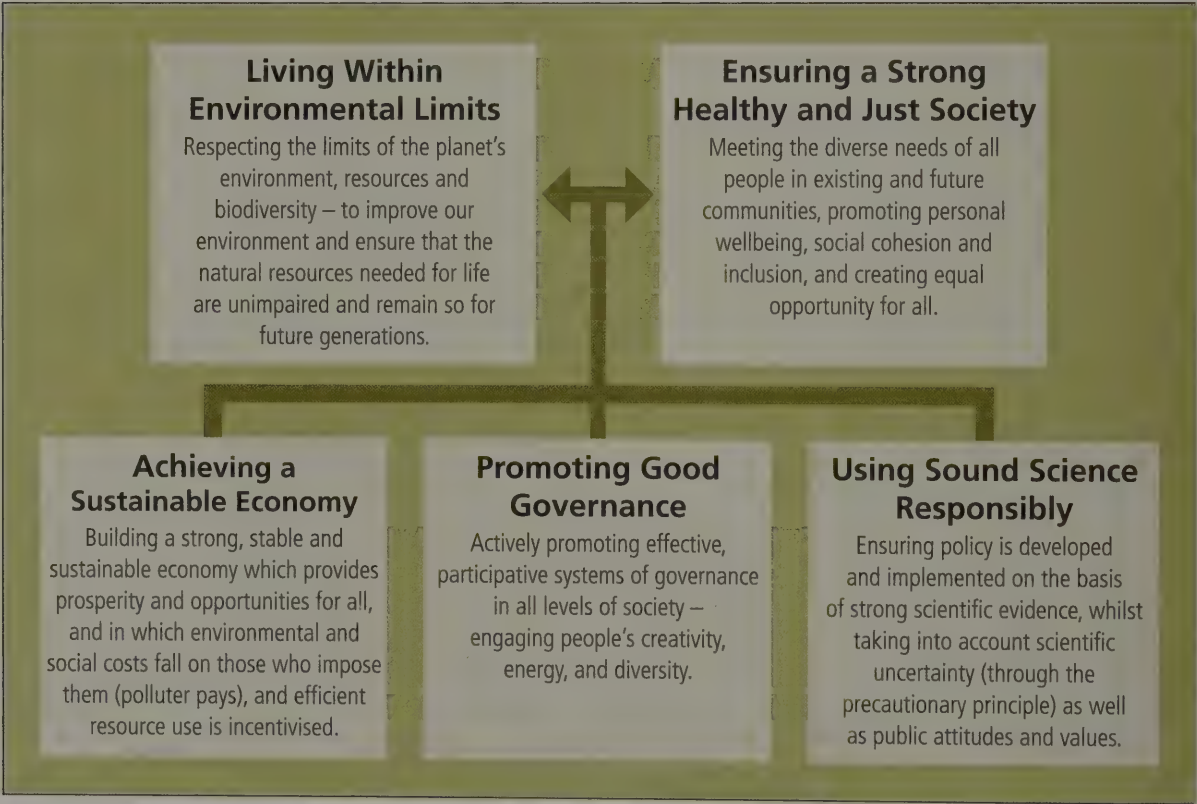
## What is sustainable development?

The past 20 years have seen a growing realisation that the current model of development is unsustainable. In other words, we are living beyond our means. From the great challenge posed by climate change to the loss of biodiversity with the felling of rainforests or over fishing to the negative effect our consumption patterns are having on the environment, our way of life is placing an increasing burden on the planet.

A widely-used and accepted international definition of sustainable development is: 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs'.

The UK Government has set out its understanding of sustainable development in the five principles below. A policy is sustainable, if it takes all five principles into account. (See Figure 2 below)

**Figure 2:** Five principles of sustainable policy



Unless we start to make real progress towards achieving this, we face a future that is less certain and less secure. The Government needs to make a decisive move toward more sustainable development. Not just because it is the right thing to do, but also because it is in humanity's and the planet's own long-term best interests.

## What is the role of Government?

The UK Government's sustainable development strategy *Securing the Future*<sup>19</sup> sets out five sustainable development principles:

- achieving a strong, healthy and just society;
- living within environmental limits;
- ensuring a sustainable economy;
- using sound science responsibly; and
- promoting good governance.

Policy is sustainable if it takes into account all five principles. As sustainable development is about ensuring that progress is made on economic, social and environmental issues in tandem, it is clear that it is for Government as a whole to deliver. Defra's role is to champion sustainable development across all levels of Government and internationally.

The sustainable development strategy is based on:

- Government leading by example;
- being serious about delivery; and
- involving people.

## Assessment of progress made against Public Service Agreement Targets

### Public Service Agreement target 1: Promoting sustainable development

To promote sustainable development across government and in the UK and internationally, as measured by:

- the achievement of positive trends in the Government's headline indicators of sustainable development;
- the UK's progress towards delivering the World Summit on Sustainable Development (WSSD) commitments, notably in the areas of sustainable consumption and production, chemicals, biodiversity, oceans, fisheries and agriculture; and
- progress towards internationally agreed commitments to tackle climate change<sup>20</sup>.

<sup>19</sup> <http://www.sustainable-development.gov.uk/publications/uk-strategy/index.htm>

<sup>20</sup> Further relevant information on this element of the Public Service Agreement target is covered in the PSA2 section.

Delivery of the PSA is **on course**.

This assessment is based on the data presented below. Year on year, there are fewer indicators showing negative trends. The goals set for the part of this PSA dealing with international climate change commitments were assessed as having been largely met at Gleneagles and Heiligendamm in 2007, with further progress in Bali this year (see chapter 2 for further detail). WSSD delivery plans are in place and progress is being made against them.

### Government Leading by Example

Government needs to lead by example on the kinds of behaviour around sustainable development that it wants businesses and individuals to adopt. In order to ensure that it does, Government has adopted a framework of ambitious targets for its own operations and has created the Sustainable Procurement Action Plan which should make the UK a Europe-wide leader in sustainable procurement by 2009. In 2007-08 further progress has been made against those.

The Sustainable Development Commission (SDC) published its assessment of progress against Sustainable Operations on the Government Estate on 16 March 2008<sup>21</sup>. It found that Government was making progress on a number of areas, including the following:

- 28.3 per cent of electricity was obtained from renewable sources – far higher than the target of 10 per cent by 2008;
- 38.5 per cent of waste arising from the government estate was recycled in 2006-07 – almost meeting the 2010 target of 40 per cent; and
- the SDC found many areas of good practice and innovation in Departments, e.g. the Cabinet Office, through its 'PCs off' project installed a system whereby all computers that are not in use are automatically switched off at the end of each day and remain off until users switch them on again. It is estimated that the project will save 550 tonnes of carbon and £65,000 per year; the Office of National Statistics funded the 'On your Bike' project to promote and facilitate cycling to work. Early indications are that the number of cyclists has increased by over 40 per cent; and Defra was the first Government Department to be awarded under the Energy Efficiency Accreditation Scheme – regarded as the gold standard in the field, and has recently installed technology in the larger buildings which can increase energy efficiency of the buildings by 8-11 per cent.

But the SDC was also concerned about a lack of progress on the following issues:

- nearly two thirds of Departments are not on track to meet their own 12.5 per cent carbon emissions reduction target by 2010-11;
- progress on the target for reducing water consumption was limited and not enough to meet the target of 25 per cent by 2020; and

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<sup>21</sup> <http://www.sd-commission.org.uk/sdig2007/>



- only a quarter of the Government estate is currently covered by an environmental management system.

In its response<sup>22</sup> to the report's findings, Government has accepted the Sustainable Development Commission's recommendations and is taking a number of actions to strengthen Government leadership on this issue, including:

- the Cabinet Secretary's announcement that sustainability of the government estate will be one of his four corporate priorities for the civil service. From this April, changes to Permanent Secretary's objectives to address achievement against Sustainable Operations on the Government Estate (SOGE) targets;
- extending participation in the Carbon Reduction Commitment to all government departments; and
- a new role for the Office of Government Commerce (OGC) in driving sustainable procurement, including the establishment of a Centre of Expertise on Sustainable Procurement and a new senior Chief Sustainability Office role in the OGC.

But sustainable development needs to be a principle in policy-making, not just in operations and procurement. To this end, the SDC has taken on a larger role in building capacity in Departments (with successful programmes running in the Department for Communities and Local Government and the Department for Children, Schools and Families). The SDC and Defra worked with the National School for Government to strengthen sustainable development content in its courses and to generate new training resources. At the recent three-day Civil Service Live event to promote skills and innovation in the civil service, there were seven sessions on sustainable development. In September 2007, Defra published capacity-building materials for use in Government and beyond to improve the sustainability aspects of policy-making and strategy development<sup>23</sup>. These include the *Stretching the web tool* which allows policy-makers to assess economic, social and environmental aspects of their policies and make improvements. These tools have been used in Defra and the SDC will also use them in working across Government to train civil servants to integrate economic, social and environmental aspects of policy. Defra also launched a sustainable events guide in October. Sustainable procurement plans for the National Health Service and local authorities have been published<sup>24</sup>.

### Getting Serious about Delivery

The Sustainable Development Strategy 'Securing the Future'<sup>25</sup> put in place mechanisms to ensure that delivery of sustainable development is strengthened at all levels of Government. In 2007-08 Defra has further developed and worked with governance groups to embed sustainable development across Government.

<sup>22</sup> [http://www.cabinetoffice.gov.uk/upload/assets/www.cabinetoffice.gov.uk/publications/reports/sustainable\\_development/govt\\_response\\_sdc\\_180308.pdf](http://www.cabinetoffice.gov.uk/upload/assets/www.cabinetoffice.gov.uk/publications/reports/sustainable_development/govt_response_sdc_180308.pdf)

<sup>23</sup> <http://www.defra.gov.uk/sustainable/think/index.htm>

<sup>24</sup> <http://www.sustainable-development.gov.uk/advice/sustainable-events-guide.htm>

<sup>25</sup> <http://www.sustainable-development.gov.uk/publications/uk-strategy/>

During 2007-08 Defra worked with HM Treasury and other Departments to put in place a framework to monitor and drive performance on sustainable development. Defra now has a Departmental Strategic Objective on 'Championing Sustainable Development across all levels of Government and internationally'. A framework of indicators on economic, social and environmental issues will be used to ensure that progress is made in a sustainable way.

Defra have worked with the Better Regulation Executive to ensure that Impact Assessments of all new major policy developments now declare the cost or benefits of changes in greenhouse gas emissions caused. The guidance further clarifies that environmental and social costs and benefits need to be made transparent.

All Government Departments (and some Non-Departmental Public Bodies) have recently published updated *Sustainable Development Action Plans*. There are also good signs that sustainable development considerations are being made in policy development across Government, for example:

- the Department for Children, Schools and Families', 'Sustainable Schools Strategy', aims to make schools places where children learn about sustainability not just in the classroom, but also around the building, for example by seeing the recycling bins, by experiencing its sustainable management, by thinking about the modes of transport that can be used to get there, and so on. In doing this, not only children but also parents, teachers, governors and head teachers learn and are inspired to act. The SDC's report *Every Child's Future Matters*<sup>26</sup> has influenced the Department's *Children's Plan*<sup>27</sup> and *Play Strategy*<sup>28</sup>;
- the Department for Communities and Local Government's (CLG) has set out how standards for new buildings will become more demanding over time with the aim of making all new homes zero carbon by 2016;
- HM Treasury's work on the global, long-term challenges that would need to be addressed over the coming years (including climate change and pressures on natural resources) were an important part of the evidence-base for the Comprehensive Spending Review; and
- the Department for Transport (DfT) is developing a strategy to ensure that transport plays its full role in combating climate change while supporting economic growth, within a sustainable development context. This includes a new emphasis on promoting modes of travel which are beneficial to health, and DfT and Department for Health have announced a step change increase in funding for cycling to £140 million over the next three years. This will have significant climate change, air quality and congestion benefits.

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<sup>26</sup> [http://www.sd-commission.org.uk/pages/edu\\_cayp.html](http://www.sd-commission.org.uk/pages/edu_cayp.html)

<sup>27</sup> <http://www.dcsf.gov.uk/publications/childrensplan/>

<sup>28</sup> <http://www.dcsf.gov.uk/publications/fairplay/>

In the regions, sustainable development has been accepted as a cross-cutting principle for the work of Regional Development Agencies (RDAs), to be applied to all their activities. Through the new sponsorship framework, RDAs are being asked to regionalise the drive to a low carbon, low waste economy, including through development of business resource efficiency measures. In the booklet *Tackling Climate Change in the regions*<sup>29</sup>, published jointly by England's RDAs, have already agreed to undertake action including estimating and publishing the carbon they expect to save as a result of implementing their policies and programmes in 2010 and 2020; and having environmental and carbon management plans by 2010, with a view to becoming carbon neutral.

A consultation on implementation of the reforms set out in the 'Sub-National Review of Economic Development Regeneration and Neighbourhood Renewal' (SNR) was launched on 31 March<sup>30</sup>. In the cross-Whitehall development of these reforms, Defra has supported the need to enhance sustainable economic prosperity at the regional level, and to meet our housing needs. However, in order to achieve this we pressed for commitments in single regional strategies to:

- cover economic, social, and environmental priorities, underpinned by sustainable development principles, and deal with them in an integrated way;
- address climate change (adaptation and mitigation), to demonstrate that this is a shared Government priority, which regions must address; and
- take account of the full range of impacts on the natural environment in delivering the housing and business growth we need, and by identifying opportunities for delivering environmental enhancements such as quality green space;

At the local level, sustainable development has been integrated in the way Local Authorities manage their performance. The Audit Commission is working to ensure that Comprehensive Area Assessments take performance on sustainable development into account. A majority of Local Area Agreements have proposed to make use of an indicator on climate change.

### **Involving people**

In 2007-08 further progress has been made on the Defra funded (£4 million) 'Every Action Counts' initiative which engages the third sector in sustainable development. Twenty Seven national Voluntary and Community Sector organisations prepared their own sustainable development action plans and so far over 200 Voluntary and Community Sector organisations nationwide have signed the third sector declaration on climate change, launched as a result of the 'Every Action Counts' initiative.

<sup>29</sup> [http://www.englishrdas.com/files/2008/2/28/policy\\_rda\\_climate\\_change.pdf](http://www.englishrdas.com/files/2008/2/28/policy_rda_climate_change.pdf)

<sup>30</sup> <http://www.berr.gov.uk/files/file45468.pdf>



## International Sustainable Development

Internationally, we have continued to make good progress through our Sustainable Development Dialogues with Brazil, China, India, Mexico and South Africa. These bilateral partnerships, agreed at Ministerial level, and supported by a fund of around £11 million over the four years from 2007-08, are designed to deliver our commitments under the World Summit on Sustainable Development. Last year we signed off strategic work plans with China and Mexico and are developing work plans with the other dialogue countries. These work plans guide specific activities under the dialogues and many exciting activities have been launched last year including:

- work with Yunnan province, China, to share best-practice in industrial resource efficiency and waste management, taking the experience of the UK's National Industrial Symbiosis Programme (NISP) and similar work with Mexico where NISP's approach has already been incorporated into the draft national waste strategy;
- work with China to share experience on regeneration of old industrial areas and provision of affordable housing to low income groups in urban areas. (This formed part of a bilateral agreement signed during the Prime Minister's visit to China in January 2008);
- the launch of Phase 2 of the 'Green Scorpions' project to bolster environmental enforcement in South Africa;
- a series of projects in India to develop sustainable forestry practices for community forests that produce economic, environmental and social benefits; and
- in Brazil, a project, working with the States of Sao Paulo and Minas Gerais and the city of Sao Paulo to develop and implement sustainable public procurement policies.

## Indicators

Defra published the latest data on the sustainable development indicators in July 2007 (for the first time including indicators on wellbeing)<sup>31</sup>. Over half of the available indicator measures are showing positive trends and the number of negative indicators has fallen since the last assessment in July 2006.

Against the 1999 baseline, the following measures that were previously showing a negative trend are now improving:

- CO<sub>2</sub> emissions from households;
- CO<sub>2</sub> emissions from private vehicles;
- CO<sub>2</sub> emissions from road freight;
- household waste arisings;
- area of sensitive UK habitats affected by excessive nitrogen from air pollution;
- infant mortality (difference between local authority areas) – although the life expectancy difference measure has moved from amber to red; and
- children walking to school.

<sup>31</sup> <http://www.defra.gov.uk/news/2007/070727a.htm>

Eleven measures have shown a negative trend against the 1999 baseline. They are:

- greenhouse gas emissions from aviation;
- fossil fuels used for electricity generation;
- nitrogen oxide emissions from electricity generation;
- energy supply (consumption exceeding UK production);
- water loss through leakages;
- robberies;
- health inequality;
- mobility;
- childhood obesity;
- ozone pollution in urban and rural areas; and
- households living in temporary accommodation.

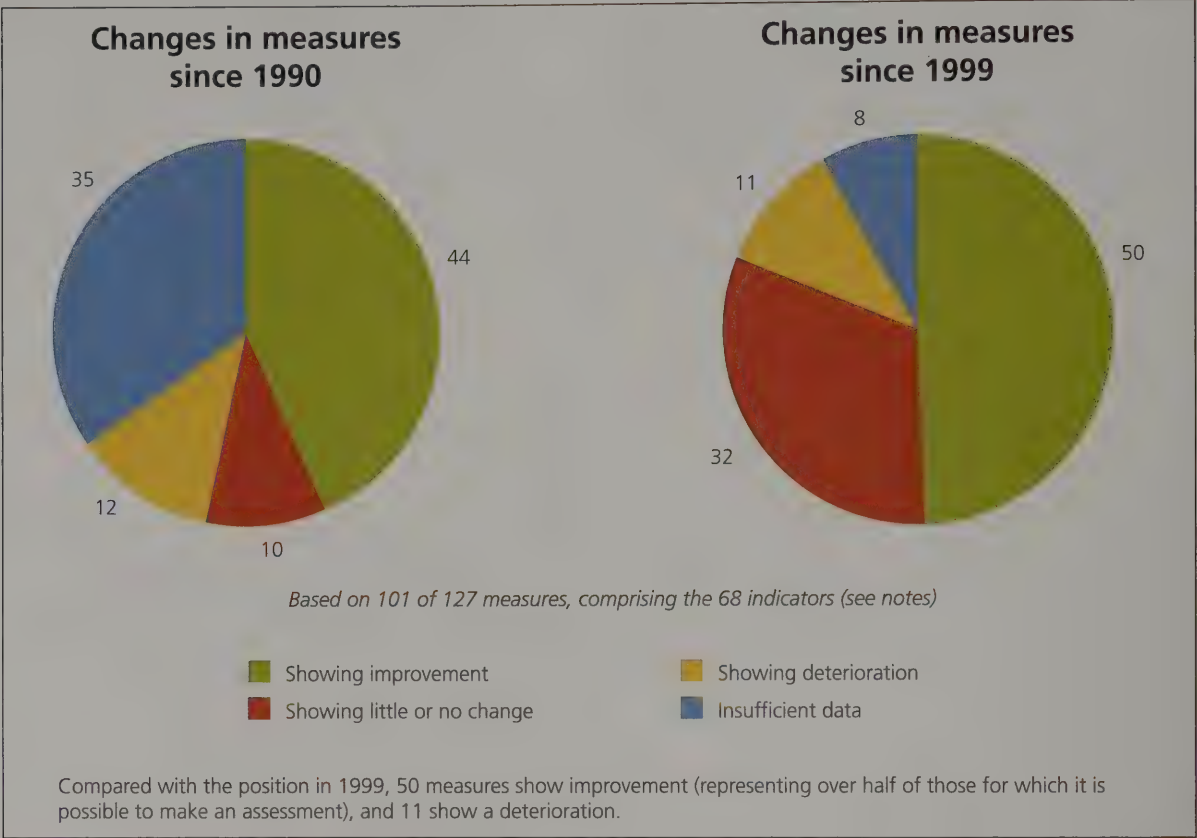
Looking at trends over the last year, there are only four UK framework indicators (shared with the Devolved Administrations) that showed a negative trend over the last year. They are:

- robberies;
- childhood poverty;
- health inequality – life expectancy gap; and
- mobility – walking and cycling.

### **World Summit on Sustainable Development Delivery**

World Summit on Sustainable Development (WSSD) commitments are being taken forward through the Sustainable Development Dialogues with key emerging economies (see above), and through specific delivery plans. Defra has been working on the plans on sustainable consumption and production, chemicals, biodiversity, oceans, fisheries and agriculture.

Figure 3: Headline indicators



International Climate Change

This section briefly deals with the part of the PSA that concerns international climate change commitments. Further details are in Chapter 2 'Tackling climate change.'

On international climate change Defra will have been successful if, by December 2005:

- the EU has shown that it has made demonstrable progress towards its commitments under the first Kyoto Protocol commitment period; and
- negotiations on commitments for subsequent commitment periods have begun.

And if by December 2007 all Parties have agreed to advance negotiations on a global and comprehensive post-2012 framework to avoid dangerous climate change, which:

- includes consideration of elements proposed by the EU;
- builds on progress through the G8 and Gleneagles Dialogue processes; and
- aims for agreement by December 2009.



The targets for December 2005 were met at the Montreal Climate Change Conference. In 2007 the European Council in Spring set out the EU's ambitious aims for, and elements of, a future framework – and the G8 Summit at Heiligendamm:

- called on all parties to actively and constructively participate in the December Conference in Bali, with a view to achieving a comprehensive post 2012 agreement under the UN Framework Convention by 2009;
- recognised the importance of setting a long-term reduction goal such as the EU proposal for at least a halving of emissions by 2050; and
- welcomed the willingness of the U.S. to host a meeting to engage with Brazil, China, India, Mexico, South Africa and other major emerging economies, which would support the UN climate process and report back to the United Nations Framework Convention on Climate Change (UNFCCC).

### Challenges Going Forward

Defra will manage a number of organisational changes to create a step change in the delivery of sustainable development:

- the Office for Government Commerce (OGC) will play a much stronger role in raising standards on sustainable procurement;
- following a commitment in the 'Sustainable Development Strategy Securing the Future', work is ongoing to prepare a change of status of the SDC to an executive non-Departmental Public Body. This will improve its ability to work across Government and in the Devolved Administrations and to be a strong, independent advisor, advocate and watchdog to Government; and
- as there will be no single sustainable development PSA target, Defra will put in place a framework for performance management on sustainable development across Government. This framework uses a representative sub-set of PSA indicators on a wide range of issues including carbon emissions, obesity, education, transport, childhood and pensioner poverty to monitor how Government as a whole is delivering on sustainable development. The indicator subset will flag up where there is a need or an opportunity to make better use of synergies between economic, social and environmental aspects of Government policy. The sub-set will mainly be considered by the cross-Departmental Sustainable Development Programme Board, but could also form the basis of advice to Ministers or to inform the SDC's watchdog function. This arrangement better reflects the principle that sustainable development needs to be delivered by the whole of Government, whereby Defra's role is to champion it across all levels of Government.

A number of Government strategies with large sustainable development implications will be implemented over the coming months. Defra will need to ensure that sustainable development considerations are made in the follow-up to the sub-national review and in the delivery of planning, housing, transport, energy and climate change policies.

## Chapter 4:

# Sustainable consumption and production





## HIGHLIGHTS DURING 2007-2008

The Commission on Environmental Markets and Economic Performance's report was published. This set out a range of recommendations to drive business investment and innovation in environmental markets.

Defra negotiated a voluntary initiative, led by retailers and energy suppliers, to phase out the least efficient light bulbs by 2010.

The Eco-design of Energy Using Products Framework Directive (EuP) was transposed in the UK.

Defra piloted the development of 'roadmaps' to improve the environmental performance of ten key products.

A Publicly Available Specification (PAS) is in development for the measurement of embodied greenhouse gases (GHGs) in products and services.

Defra published a *Framework for Pro-Environmental Behaviours* in January 2008.

Defra has met the first part of its Public Service Agreement target 6 on waste and is on course for the second.

The *Waste Strategy* for England was launched on 24 May 2007.

Over the past 3 years, the Waste Implementation Programme has distributed £4.6 million of Direct Consultancy Support, received by over 294 local authorities.

Over 86 million tonnes of recycling will be diverted from disposal over the lifetime of Waste and Resources Action Programme projects already commissioned, saving over 12 million tonnes of CO<sub>2</sub> equivalent.

England has nearly met the 2010 Landfill Directive target for biodegradable municipal waste.

WRAP launched a consumer facing 'Love Food Hate Waste' campaign in November 2007 to encourage behavioural change.

Defra has committed over £1 billion to support 23 waste Private Finance Initiative (PFI) projects. There are currently 15 waste PFI projects in operation and 8 in procurement.

EC Waste Shipments Regulation has been implemented in the UK.



### **Sustainable products, successful business, greener living**

As one of our strategic objectives Defra is seeking to achieve sustainable patterns of consumption and production. Defra are looking for two main outcomes:

- Better products and services, which reduce environmental impacts across their lifecycle while boosting prosperity and competitiveness; and
- Less waste, more material recovery & energy from waste and much less landfill.

### **Why is sustainable consumption and production important?**

Most environmental impacts can be attributed to products and services. The greatest pressures now come from the impacts of homes, household goods, food and travel, with changing lifestyles and growing consumption bringing even greater demands.

Defra needs to help business and consumers act to increase resource efficiency and influence the supply chain, and so bring through both economic and environmental benefits:

- business can benefit from increased competitiveness, and, potentially, exploit first mover advantage in capturing new markets globally;
- consumers can benefit from the supply of innovative products and from efficiency savings in the home; and
- the environment benefits from reductions in resource use, emissions and other environmental impacts.

### **What is Government doing?**

Sustainable Consumption and Production (SCP) is a key cross-Government influencing programme led by Defra, Department for Business, Enterprise and Regulatory Reform (BERR) and Department for Innovation, Universities and Skills (DIUS). It builds partnerships to develop alternative approaches that are rooted in the way business operates and how people live their everyday lives by:

- supporting innovation and environmental technologies to bring through and achieve the benefits from new products, materials, processes and services;
- driving improved resource efficiency, stimulating innovation and reducing waste and harmful emissions across business sectors;
- strengthening measures to improve the environmental performance of products and services, including product design and labelling;
- leading by example – enforcing the message that sustainable public procurement is simply good procurement;
- developing new approaches to environmental behaviours and encouraging more sustainable lifestyles and choices;

- catalysing change within the economy and key business sectors to help raise transparency, corporate responsibility and skills; and
- developing the evidence-base and researching how Defra measure, value and report on our environmental impact.

The Government made a number of key announcements on our strategic direction in 2007. The *Energy White Paper: Meeting the Energy Challenge*<sup>32</sup> restated our commitment to setting efficiency standards for energy-using products as a cost-effective way of reducing UK carbon emissions. Defra are working in partnership with the manufacturers, retailers and service providers to set and to achieve targets for delivering more efficient goods and services to UK consumers.

Waste policies set out in the *Waste Strategy for England* also follow the SCP model. The Strategy's key objectives are to:

- decouple waste growth (in all sectors) from economic growth and put more emphasis on waste prevention and re-use;
- meet and exceed the Landfill Directive diversion targets for biodegradable municipal waste in 2010, 2013 and 2020;
- increase diversion from landfill of non-municipal waste and secure better integration of treatment for municipal and non-municipal waste;
- secure the investment in infrastructure needed to divert waste from landfill and for the management of hazardous waste; and
- get the most environmental benefit from that investment, through increased recycling of resources and recovery of energy from residual waste using a mix of technologies.

### Encouraging business and innovation

Defra has continued to work with business to drive improved resource efficiency and develop approaches to stimulate innovation, to help them manage both their environmental impacts and increase their competitiveness.

Examples include:

- the Business Resource Efficiency and Waste Programme (BREW) which has continued to provide cost-effective support to business to reduce waste and harmful emissions across business sectors. Advice has been provided on a range of issues, including: energy efficiency and carbon impacts (Carbon Trust which helps organisations become energy efficient); reducing business waste and water (Envirowise); support for recycling of wastes (Waste & Resources Action Programme – WRAP); and supporting the re-use of spent materials by some becoming a feedstock for others (National Industrial Symbiosis Programme – NISP);

<sup>32</sup> <http://www.berr.gov.uk/energy/whitepaper/page39534.htm>

- providing the secretariat, together with Department for Business, Enterprise & Regulatory Reform (BERR) and Department for Innovation, Universities & Skills (DIUS), for the Commission on Environmental Markets and Economic Performance (CEMEP), which was established to advise on how the UK can make the most of the economic opportunities from the transition to a low-carbon, resource-efficient economy. CEMEP's Report<sup>33</sup> published in November 2007, sets out a range of recommendations to drive business investment and innovation in environmental markets in the UK, covering environmental policy, innovation support (both supply 'push' and market 'pull') and the business response to these;
- the DIUS-sponsored Technology Strategy Board, in partnership with Defra, BERR and the Department for Communities and Local Government (DCLG), are establishing an Innovation Platform to develop the capability for UK industry to deliver low-impact buildings, in order to improve the environmental performance of buildings to meet tough targets such as those in the *Code for Sustainable Homes* and the 2016 zero-carbon target for new homes, and exploit the business opportunities that these present;
- working to increase levels and robustness of environmental disclosure in company reports, including supporting the Secretariat to the Climate Disclosure Standards Board which is looking at how to align corporate reporting on greenhouse gas emissions; and
- working with Business Links to develop a new 'Environment and Efficiency' theme to help business understand how they can manage their environmental impacts and direct them to advice and guidance on how to manage and alleviate them. This is in line with 'transformational Government' aims to develop the site as the main source of practical advice to business.

### **Sustainable products and materials**

A key element of bringing through more sustainable patterns of consumption and production is the focus on assessing and addressing the environmental impacts for particular groups of products, materials and services. Defra has:

- negotiated a voluntary initiative led by retailers, and energy suppliers to phase out the least efficient light bulbs by 2011. This aims to save up to 5 million tonnes of carbon dioxide a year by 2012 from UK electricity, the equivalent of taking 5 millions cars off the road;
- transposed the Eco-design of Energy Using Products Framework Directive (EuP) in the UK. This Directive set the overall framework and process by which the European Union will agree minimum eco-design standards for products that are sold in the European single market. Under this framework the European Commission is in the process of proposing minimum in use energy efficiency standards for twenty product categories (for example lightings, refrigerators, IT equipments, TV, etc) in its first phase;

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<sup>33</sup> <http://www.defra.gov.uk/environment/business/commission/index.htm>



- in developing our approaches to potential future measures under the EuP directive, and as part of a wider annual UK review and policy development process, consulted on our analysis, targets and illustrative standards for energy using products, looking ahead 10-20 years. This analysis will inform Government policy decisions and will help retailers, manufacturers and service providers in their own investment and planning processes;
- piloted the development of 'Roadmaps' to improve the environmental performance of ten key products (milk, fish and shellfish, televisions, domestic lighting, commercial electric motors, window systems, plasterboard, WCs, clothing, and passenger cars). Working in collaboration with stakeholders, the roadmap process improves our understanding of the impacts of a particular product, and the ways in which these impacts can be mitigated, and to develop an agreed course of action;
- with the Carbon Trust, co-sponsored by the British Standards Institute (BSI) to develop a Publicly Available Specification (PAS) for the measurement of embodied greenhouse gases (GHGs) in products and services. This will provide an agreed method that can be applied across a wide range of products and services, and their supply chains, to enable companies to measure and reduce their GHG-related impacts; and
- linked to the delivery of commitments on the Sustainable Procurement Action Plan and the development of Defra's own performance in sustainable operations worked to develop a set of minimum standards for government purchasing, across a range of key products, and future 'stretch' standards in areas ripe for innovation. (see Chapter 9 Better Regulation and corporate services).

### Helping consumers to live more sustainably

Understanding what motivates consumers and their environmental attitudes, values and behaviours is an important first step in encouraging more sustainable consumption. In January 2008 Defra published its framework for pro-environmental behaviours<sup>34</sup>. This summarises our understanding of the evidence on consumer behaviour and is designed to support policy development and implementation in Defra, other Government departments and externally. The framework has been developed with the help and advice of a wide range of experts, Defra delivery partners and other stakeholders.

The framework covers:

- core principles and approaches for encouraging more environmentally friendly behaviour;
- 12 headline behaviour goals, covering the main areas of consumption;
- Consumer insight and evidence base: including an assessment of what kinds of actions people are already taking and their relative ability and willingness to do more;

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<sup>34</sup> <http://www.defra.gov.uk/evidence/social/behaviour/index.htm>

- an environmental segmentation model that divides the public into 7 clusters, each with a distinct set of attitudes and beliefs towards the environment; and
- an assessment of the implications of this evidence and understanding for policy development and implementation including the design of communications and marketing tools.

The framework is now being used to support policy development and implementation in Defra, including the further development of the Act on CO<sub>2</sub> campaign and proposals for third sector partnership working.

### Environmental Action Fund

The Environmental Action Fund (EAF) 2005-08 has been supporting the projects of 34 voluntary groups in England that contribute to the Sustainable Consumption agenda identified in *Securing the Future – the UK Sustainable Development Strategy*<sup>35</sup>. The 3 year grant round finished in March 08. The 2005-08 EAF budget was £2.2 million per year (£6.7 million over the three years).

A 3 year evaluation of the EAF (2005-08) to assess and determine behaviour change impact and key factors for success is being undertaken and the final report should be available in July. This will feed into Defra's wider programme of research into sustainable consumption and production and pro-environmental behaviours.

### International Action

Supply chains are international. It is important that approaches to sustainable consumption and production are developed in conjunction with other countries and within international fora. The UK has continued to take a lead in working internationally and in the European Union (EU). Defra have:

- actively participated in the development of the EU Action Plan on Sustainable Consumption and Production (SCP). Defra have ensured that EU policy on SCP reflects UK priorities and encourages appropriate action at EU level, including maintaining a strong products focus;
- influenced the direction of a range of other EU initiatives in support of the transition to a low-carbon, sustainable economy, including the establishment of 'lead markets' in areas such as recycling and sustainable construction, the development of policies on green public procurement and sustainable industry, and activities under the Environmental Technologies Action Plan;
- developed bilateral collaborative projects with key emerging economies on SCP under the Sustainable Development Dialogue. Defra have set up several projects in China, including on circular economy, better waste management, consumption patterns and products – all learning from UK expertise. Defra has worked with India, Mexico, Brazil and South Africa who are all interested in developing similar projects; and

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<sup>35</sup> <http://www.sustainable-development.gov.uk/publications/uk-strategy/index.htm>

- funded a United Nations Environment Programme project which has developed a manual for national strategies on SCP. The guidelines describe approaches to developing, implementing, monitoring and evaluating SCP programmes together with examples of best practice. They will be particularly helpful for developing countries just embarking on SCP programmes.

### Evidence

A clear, reliable, collaborative and open evidence base is important to support the development of policy. 2007-08, the number of projects let was 17, with just 4 completed and published<sup>36</sup>. Our projects are long term (average 8 months duration) so in many cases completion comes in subsequent financial years. The SCP Evidence Base has supported a wide range of policy development, described in this chapter, and consists of four main research themes:

- Measurement Methods – Delivering improved methodologies and high quality data to enable more accurate measurement of environmental impacts;
- Products and Services – Identifying the most significant environmental impacts in a product’s life cycle, so that policy interventions can be targeted effectively;
- Behaviour Change – Building a robust body of evidence on behaviour change to inform the development of an environmental behaviours framework that supports policy making; and
- Business, Environment and Economy – Researching the way environmental innovation links to productivity, and the relationship between regulation, environmental performance and competitiveness.

## Assessment of progress made against Public Service Agreement Targets

### Public Service Agreement target 6: Waste and recycling

To enable at least 25 per cent of household waste to be recycled or composted by 2005-06, with further improvement by 2008.

Defra is **on course** to meet this target.

Defra has met the 2005-06 target of 25 per cent of household waste to be recycled or composted and is **on course** to show further improvement by 2008.

### Performance during 2008-2009

Defra’s National Statistics estimates based on data entered onto Waste Dataflow for 2006-07 show that 30.9 per cent of household waste was recycled or composted in England in 2006-07.

<sup>36</sup> <http://www.defra.gov.uk/environment/business/scp/research/themes/index.htm>



Recycling and composting of household waste by local authorities collectively has increased dramatically – up from 11 per cent in 2000-01 to the present figure. The highest performing authorities are now recycling more than 50 per cent of the household waste they collect. This has been driven in part by statutory performance standards for individual local authorities for the recycling or composting of household waste that were set for the years 2003-04 and 2005-06.

To ensure that further progress is made, in 2007-08 all local authorities must at least equal their 2005-06 targets and meet the minimum level of 20 per cent. This should help the poorest performers to close the gap with the better performers and continue to raise national performance as per the 2008 target.

Figure 4: England household waste recycling rates

Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
(per cent)	12.5	14.5	17.7	22.5	26.7	30.9
(thousand tonnes)	3,197	3,740	4,521	5,769	6,796	7,976
Increased weight from 1996-97 base year	89	122	169	243	304	374
(per cent)						

Factors affecting performance during 2007-2008

Delivery of Defra’s waste and recycling target is mainly through local authorities, with the bulk of the funding coming from the local authorities Environment, Protective and Cultural Services (EPCS) block. The proportion of this to be spent on waste management is up to each local authority to determine.

Improved performance by local authorities depends firstly on the availability of easily accessible facilities for collection of recyclable waste and secondly the use of these facilities for increasing amounts of waste by more households. 90 per cent of households now have a kerbside collection system. This was stimulated by the requirements of the Household Waste Recycling Act 2003 for waste collection authorities to provide arrangements for the separate collection of at least two types of recyclable waste from households by 2010.

However, local authority waste management costs are rising. To provide greater incentives to move away from landfill, the standard rate of landfill tax was increased by £3 per tonne in 2005-06, 2006-07 and 2007-08. These increases will be revenue neutral to local authorities as a whole in 2006-07 and 2007-08.

The Chancellor announced in the 2007 Budget that landfill tax will, from April 2008 to 2011, rise from its present rate of £24 per tonne by £8 each year. This is expected to place additional pressure on waste managers to divert waste from landfill and should have a positive impact on recycling rates.

Local authorities also need to fund the infrastructure required to divert more waste from landfill (particularly residual waste) to meet challenging EU targets. This will place additional pressures on Local Authority budgets.

The EU Landfill Directive requires the UK to reduce the volume of biodegradable municipal waste sent to landfill to 75 per cent of the 1995 level by 2010; 50 per cent by 2013; and 35 per cent by 2020. Increases in recycling and composting will be required in order to reduce the amount of residual municipal waste that is finally sent to landfill.

### **Direct Funding**

In addition to money they receive through the EPCS, Defra paid out £105 million to local authorities in 2006-07 under the Waste Performance and Efficiency Grant (WPEG) programme. Designed to support new and more efficient ways to deliver waste reduction, increase recycling and diversion from landfill, a further £110 million of WPEG funding will be provided during 2007-08. This is being administered by Department for Communities and Local Government as part of its Local Area Agreement (LAA) funding.

From next year the revenue element of WPEG will be rolled into the EPCS block. The capital element will be replaced by the Waste Infrastructure Capital Grant (WICG). WICG will be an un-ring fenced fund allocated by formula to the local authorities outside of London. The formula approximates waste generating potential at both lower and upper tier levels. This is then aggregated for each LAA area and allocated to the upper tier authority. London is receiving a separate allocation in accordance with the Government's commitment to establish a London Waste and Recycling Fund.

The purpose of the grant is to enable local authorities to invest in front end waste infrastructure, notably for recycling of biodegradable and other waste and for composting.

### **Waste Implementation Programme**

Waste Implementation Programme (WIP) was set up in 2003 to accelerate progress towards the landfill targets in England and support activities to meet PSA 6.

Over the past three years the programme has distributed £4.6 million of Direct Consultancy Support (DCS), received by over 294 local authorities. DCS has delivered support in the areas of procurement, planning, strategy development and waste composition.

WIP's main recycling activities are delivered through the Waste and Resources Action Programme (WRAP), who run major programmes of work advising local authorities on kerbside collection systems, providing advice and support for waste minimisation efforts such as the home composting campaign and working with retailers under the 'Courtauld Commitment', (a voluntary plan of action to tackle packaging and food waste, launched in July 2005). Additionally, WRAP develops and runs the 'Recycle Now' national awareness campaign.

Best practice on waste management and procurement activities is encouraged through the WIP-led Environmental Services Efficiency Programme and delivered through the Regional Improvement & Efficiency Partnerships. This work is helping to deliver the forecast £350 million per annum of efficiency gains in local authority environmental services by the end of 2007-08. Councils have already registered £448 million total efficiencies over the last three years.

### **The Waste and Resources Action Programme**

The Waste and Resources Action Programme (WRAP) is a major UK programme established to promote resource efficiency. WRAP works in partnership, to encourage and enable businesses and consumers to be more efficient in their use of materials, and to recycle more things more often. This helps to divert waste from landfill, reduce carbon emissions and improve the environment. WRAP, a not-for-profit UK company, is funded by Defra and the devolved governments.

WRAP runs seven main programmes, addressing waste reduction and recycling issues across the construction, manufacturing and retail sectors; working on organic waste-derived compost; promoting the growth of recycling businesses; supporting local authorities; and promoting behavioural change.

As a result of WRAP's work:

- £182 million has been invested in the recycling sector from commercial sources;
- The annual turnover for the recycling sector is now £1.3 billion – nearly double its value when WRAP was founded;
- 64 per cent of people in England now describe themselves as committed recyclers, compared to less than half in 2004; and
- Over 86 million tonnes of recycling will be diverted from disposal over the lifetime of WRAP projects already commissioned, saving over 12 million tonnes of CO<sub>2</sub> equivalent.

12 leading grocery retailers (representing 92 per cent of the UK grocery sector) and twenty leading brands and suppliers are signed up to the Courtauld Commitment. The signatories have all agreed to work with WRAP to:

- design out packaging waste growth by 2008;
- deliver absolute reductions in packaging waste by 2010; and
- identify ways to tackle the problem of food waste.

Each signatory works with WRAP to develop specific targets and implementation plans. WRAP uses its budget to support this work by providing technical advice, funding innovation and facilitating industry wide activity on standards and joint problem solving.

WRAP has supplied over 1 million home composting bins to householders across England, and they are backing this up with a composting support service.



WRAP launched a consumer-facing 'Love Food Hate Waste' campaign on 1 November 2007 to encourage behavioural change. They are working with the UK grocery sector, food industry, Government and organisations such as the Food Standards Agency, to develop practical solutions and improved communications to make it easier for consumers to get the most from the food they buy, and to waste less of it.

### **Landfill Allowance Trading Scheme**

Landfill Allowance Trading Scheme (LATS) is an innovative trading mechanism for Waste Disposal Authorities to ensure England meets its share of United Kingdom targets under the landfill directive to limit landfilling of biodegradable municipal waste (BMW). It is also an important measure to move the country towards more sustainable management of waste.

The Environment Agency monitors LATS in England. It published its second annual report for the scheme in November 2007<sup>37</sup>. All waste disposal authorities have so far complied with their obligations to landfill no more BMW than allowed for by the number of landfill allowances they hold.

England is making good progress towards meeting Landfill Directive targets. England must landfill no more than 11.2 million tonnes of BMW in 2010, 7.5 million tonnes in 2013 and 5 million tonnes in 2020. It has nearly met the 2010 target. Local authorities landfilled an estimated 11.6 million tonnes of BMW in 2006-07. This has reduced from an estimated 15.7 million tonnes in 2001-02 and 12 million tonnes in 2005-06 (the first year of LATS).

### **Waste infrastructure**

Defra's Waste Infrastructure Delivery Programme (WIDP)<sup>38,39</sup> brings together the project delivery activities of Defra's Waste Implementation Programme, Partnerships UK and 4ps (local government's project delivery specialist).

The programme is supporting local authorities to accelerate the investment in the large-scale infrastructure required for processing residual waste, without compromising efforts to minimise waste and increase recycling levels. Only a combination of these activities will allow the UK to meet its obligations in relation to BMW under the Landfill Directive.

With WIDP support, local authorities will be better placed to take difficult decisions around these issues – for example balancing public opinion with choice of technology/recycling targets, affordability and funding.

<sup>37</sup> <http://www.environment-agency.gov.uk/business/1745440/444663/landfill/1764524/1693182/986852/1102546/1896039>

<sup>38</sup> <http://www.defra.gov.uk/environment/waste/wip/newtech/>

<sup>39</sup> <http://www.defra.gov.uk/environment/waste/wip/widp/>

WIDP is promoting the availability in England of cutting-edge technologies capable of processing waste diverted from landfill through its provision of pilot demonstrator projects. These schemes, run in partnership with local authorities and industry, will help to establish the technical and commercial viability of emerging and near-market waste technologies.

So far, Defra has committed over £1 billion to support 23 waste Private Finance Initiative (PFI) projects. There are currently 15 waste PFI projects in operation and 8 in procurement. Defra was given a further £2 billion of funding through PFI credits in the recent Comprehensive Spending Review which will be available to help local authorities invest in sustainable waste management options. The level of PFI credits will rise from £280 million in 2007-08 to £600 million in 2008-09, £700 million in 2009-10 and £700 million in 2010-11.

**3R Initiative**

The Department has ensured that sustainable consumption and production policy issues have been successfully incorporated into a draft G8 Action Plan being developed on the 3R Initiative (Reduce, Re-use, Recycle), which will be published at the end of May 2008, and finalised in July at the G8 summit.

**Transfrontier shipment of waste**

Working closely with the Environment Agency, the competent authorities in Scotland and Northern Ireland, and UK business sectors affected, Defra successfully ensured that the newly adopted EC Waste Shipments Regulation was smoothly implemented in the UK, in particular the new rules applying to the export of recyclable waste to non-Organisation for Economic Co-operation and Development (non-OECD) countries.

Issues
<p><b>Local authority waste management costs are rising.</b></p> <p><b>Local authorities need to fund the infrastructure required to divert more waste from landfill.</b></p>

**Looking forward to 2008–2009**

Over the next year Defra will continue to develop work on sustainable consumption and production and waste, continuing the work that has been established this year. This will include:

- continuing to develop policy approaches and measures to address the environmental impacts of products and materials, bringing our work together in a progress report in Spring 2008 which will include progress on the ten pilot products roadmaps;
- on other products, begin to develop further voluntary agreements with key industries, particularly in the consumer electronics sector;

- commencing negotiation of implementing measures for mandatory product eco-design performance requirements under the EuP Framework Directive, aiming to ensure these support delivery of UK targets;
- publish UK targets and illustrative product performance standards for a range of energy-using products, taking into account responses to the consultation this year, the first in an annual review process committed to in the Energy White Paper;
- taking forward, with other Government Departments the recommendations of the Commission on Environmental Markets and Economic Performance (CEMEP) report including publishing the Government's response and integrating the Commission's thinking on driving business investment in environmental markets into policy development in Defra and across Government;
- provide further support for activities on business resource efficiency. In order to further improve the cost-effectiveness of interventions, support will be increasingly focused on providing the evidence base to influence the business community at large to take action. There will be correspondingly less intervention at the individual company level;
- review what Defra does to support businesses, consumers and the public sector in the drive towards a low carbon, less resource intensive future. This will, amongst other things, examine the implementation of the above changes to business support;
- working with a number of other funding partners to establish a research centre on sustainable behaviours to play a significant role in further developing the evidence base on pro-environmental behaviour;
- supporting work by the National Trust, and B&Q on how business and the voluntary sector can work in partnership with government to mobilise individuals to take more action themselves and how greater engagement might be achieved;
- working with our partners at the international level in the G8, Organisation for Economic Co-operation and Development (OECD) and other fora to share information and experience on developing approaches to Sustainable Consumption and Production;
- completing negotiations on revisions to the EU Waste Framework Directive, which will help to place greater emphasis on waste prevention and resource efficiency;
- implementation of a new waste performance framework that will encourage under-performing local authorities to take on targets to reduce household residual waste (waste not recycled or composted), increase household waste recycled and composted and reduce the amount of municipal waste landfilled; and
- the launch of a Zero Waste Places initiative to incentivise excellence in sustainable waste management.



**Chapter 5:**

Securing a healthy natural environment



## HIGHLIGHTS DURING 2007-2008

There has been a halt in the decline in certain species of farmland birds, and Defra is on course to meet the Public Service Agreement target to reverse it.

At the end of March 2008 – 82.7 per cent of the area of Sites of Special Scientific Interest was in favourable or recovering condition. This represents significant recovery against the March 2007 shortfall, due to a record annual increase of 7.3 per cent.

Defra has met most of our air quality objectives throughout the UK. To help us reduce the impact of air pollution on life expectancy further, Defra published a revised *Air Quality Strategy* containing further planned measures.

Defra launched the Rural Development Programme for England (RDPE) 2007-2013 with a budget of £3.9 billion – more than double the budget available for the previous programme.

Over 60 per cent of agricultural land is under an agri-environment scheme. Defra completed a review of progress of Environmental Stewardship in January 2008 and are now implementing the recommendations.

The Government's new water strategy for England sets out some of the practical steps Defra will need to take to ensure that good clean water is available for people, businesses and nature.

Through the publication of the Marine Bill in Spring 2008, Defra will transform our ability to manage the use of marine resources sustainably, and to protect the environment.

Our 'Ecosystems Approach Action Plan' and 'An Introductory Guide to Valuing Ecosystem Services' set out a programme of work to deliver a decisive shift towards an ecosystems approach in our policy-making and delivery.

Defra decided to introduce a new right of public access to the English coast and drafted the necessary legislation for publication in Spring 2008.

Defra completed a review of domestic forestry policy in England in June 2007 by publishing *A Strategy for England's Trees, Woods and Forests*.

A new Soil Strategy for England was prepared and issued for consultation.

Defra successfully reported UK noise mapping data to the European Commission by the deadline set in the European Noise Directive, being one of the first Member States to do so.

Defra has prepared for the implementation of the REACH Directive on the control of chemicals, which came into force in June 2007, by designating the Health and Safety Executive as the competent authority.



## Overview

Securing a healthy natural environment is one of Defra's two high-level goals, and now a key cross-government priority in the shape of the new natural environment PSA<sup>40</sup> which was agreed as part of the 2007 Comprehensive Spending Review. As well as its intrinsic value, the natural environment provides us with a wide range of vital services for people and society, such as clean air, water, food and fuel, and underpins our health, wellbeing and prosperity. It can also play a key role in mitigating and adapting to climate change.

The natural environment can be defined broadly as living things – plants, animals and micro-organisms – and the air, water and soil on which they depend. It includes a broad range of natural ecosystems, from woodlands to coral reefs, and extends to both rural and urban areas.

## Assessment of progress made against Public Service Agreements

### Public Service Agreement target 3a: Reversing the long-term decline in the number of farmland birds

Care for our natural heritage, make the countryside attractive and enjoyable for all and preserve biological diversity by reversing the long term decline in the number of farmland birds by 2020, as measured annually against underlying trends.

This target is **on course**.

Reversing the decline in farmland birds is viewed as a measurable surrogate of the ecological health of the wider countryside, including areas outside designated nature conservation sites such as Sites of Special Scientific Interest (SSSIs) and nature reserves.

This PSA target relates to the long-term trend in farmland bird populations. Figure 5 shows that populations of farmland bird species declined by over 50 per cent between the mid 1970s and the mid 1990s, but have been relatively stable since then. However, this apparent stabilisation hides a variety of trends. Declines in farmland bird populations in England mostly affected farmland specialists (those species that breed solely or mainly on farmland). Of those species that have experienced major declines over the last three decades some, such as Grey Partridge, Turtle Dove and Starling, continue to decrease. Recent upturns in the indices for others, including Skylark and Corn Bunting, may be an early sign of recovery.

<sup>40</sup> [http://www.hm-treasury.gov.uk/media/1/3/pbr\\_csr07\\_psa28.pdf](http://www.hm-treasury.gov.uk/media/1/3/pbr_csr07_psa28.pdf)



Figure 5: Population of farmland generalist and specialist birds: 1966-2006

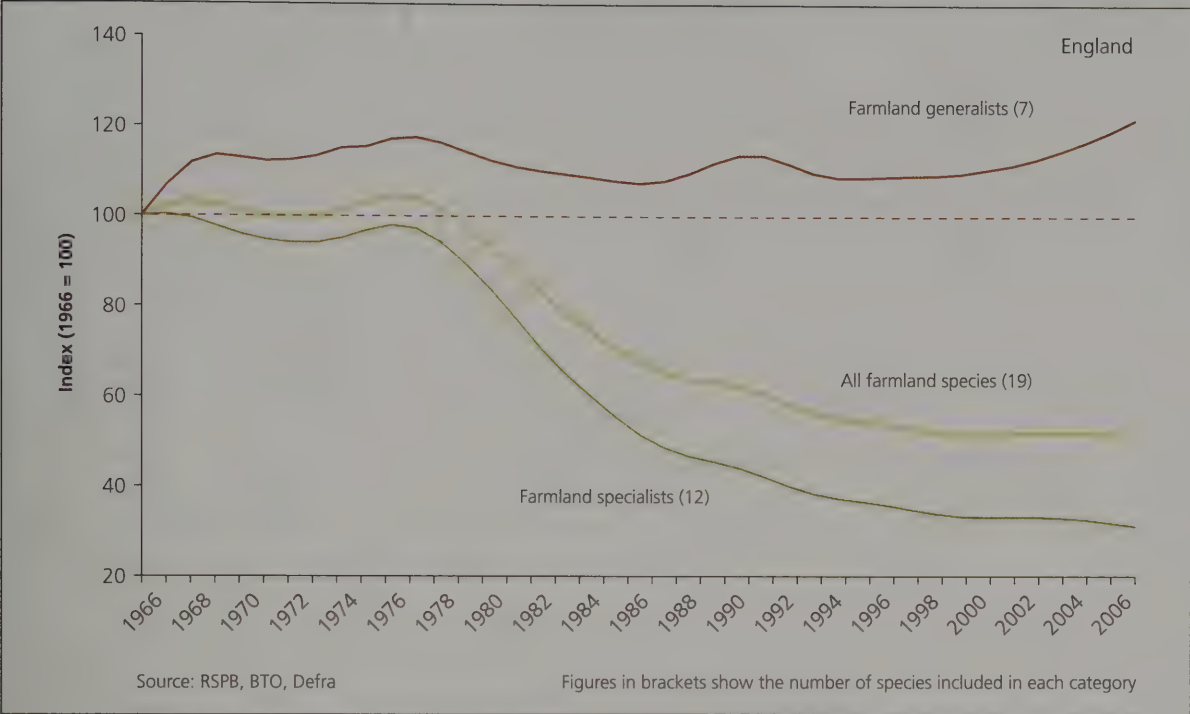


Figure 6: Year on year changes in the farmland bird index for England: long-term trend (1967-2006, 19 farmland bird species)

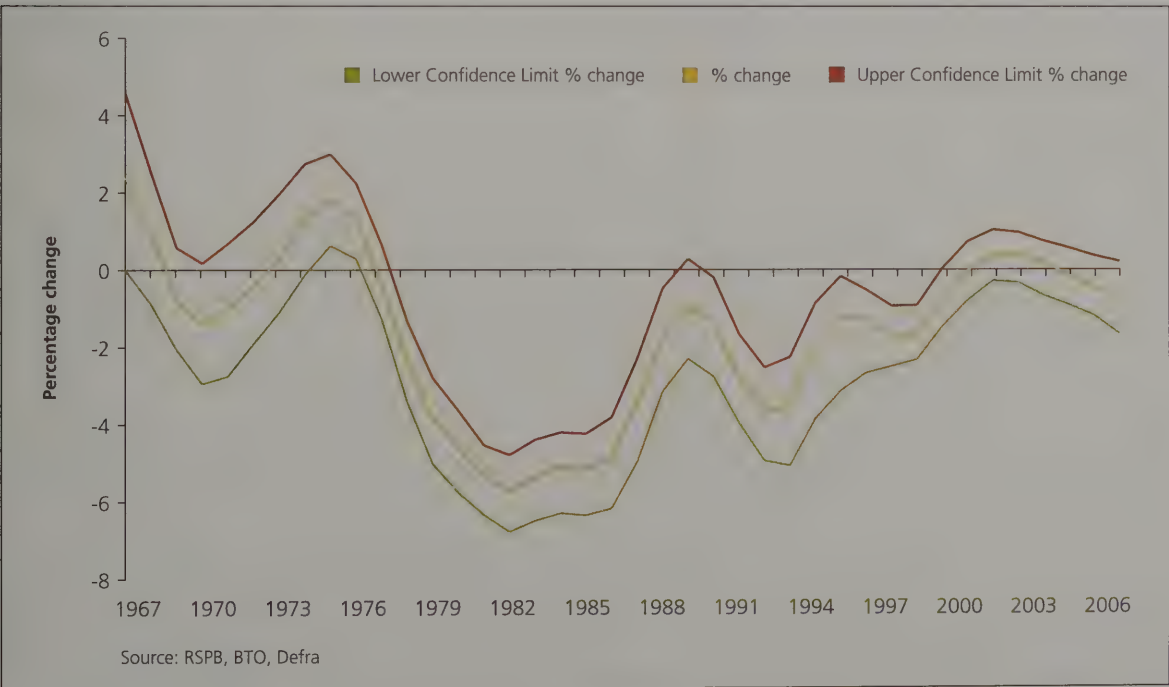


Figure 6 shows the year-on-year changes in the smoothed England farmland bird index. The middle line shows the actual year-on-year changes of the indicator, with top and bottom lines showing the 95 per cent confidence limits. When all three lines are above zero (each indicating a year-on-year increase), the increase in the index of farmland birds will be assessed as being statistically significant. In recent years the actual change has been close to zero and shows that there has been no significant overall change in farmland bird populations over the last five years.

This indicates that, as shown by the milestones below, Defra is **on course** to meet the target:

- 2004-09 Farmland Bird populations in key areas are secured (stable or increasing);
- 2010-13 Farmland Bird populations nationally are stabilised; and
- 2014-20 Farmland Bird populations nationally increase.

Defra will continue to report progress of this target in 2007 Comprehensive Spending Review.

This is a long-term programme, and many factors will influence its achievement. Environmental Stewardship, delivered by Natural England on behalf of Defra, is a key instrument for improving habitats and food sources through better land and crop management, particularly through Entry Level Stewardship which now covers over half the available agricultural land in England.

The Royal Society for Protection of Birds (RSPB), British Trust for Ornithology (BTO) and other key partners that contribute to the delivery of this target including statutory, voluntary and private bodies are represented on a steering group. The aim of the steering group is to ensure that policy and action by the various delivery bodies are co-ordinated so as to maximise the likelihood of successful delivery of this target.

A Review of Progress of Environmental Stewardship began in May 2007 and reported in February 2008. The Review provided evidence and assurance that Environmental Stewardship is on course to meet its objectives. Key recommendations from the Review which relate to improving Environmental Stewardship's performance for farmland birds included: modifying prescriptions for key arable options already in Entry Level Stewardship; the addition of new arable options; and further work on improving targeting for the delivery of options aimed at those species of farmland birds which are still declining.

The review also considered options that will help mitigate the effects on farmland bird populations from the expected abolition of compulsory set-aside as part of the Common Agriculture Policy Healthcheck (see Chapter 6 Sustainable Farming and Food PSA 5). This work is now continuing outside and beyond the scope of the Review. Arrangements have also been put in place to monitor the impact of the European Commission's announcement of a zero per cent set-aside requirement in 2007-08 (ahead of the expected Healthcheck changes) so that regulatory options (national and/or EU) can be considered alongside any changes to Environmental Stewardship.

### Public Service Agreement target 3b: Sites of Special Scientific Interest (SSSIs)

Care for our natural heritage, make the countryside attractive and enjoyable for all and preserve biological diversity by bringing into favourable condition by 2010 95 per cent of all nationally important wildlife sites.

There is currently *slippage* against the target.

This aims to bring into favourable or recovering condition ('Target Condition') 95 per cent of the area of SSSI land in England by 2010.

A coherent network of designated sites is a vital component of the Government's overall nature conservation strategy. SSSIs are at the heart of our system of designated sites and their condition is a key indicator of the success of Defra's biodiversity strategy, and a wider indicator of environmental sustainability.

Natural England is responsible for the day-to-day implementation of SSSI legislation and for assessing and monitoring SSSI condition. Where appropriate, Natural England divide SSSIs into management units based on ownership patterns and/or habitat boundaries, and the condition of each feature is assessed and reported on a unit by unit basis. Basing information on condition at the unit level, rather than for whole SSSIs, gives a more accurate picture of the SSSI series. Condition assessments are carried out by local Natural England Conservation Advisors and are governed by nationally agreed Common Standards which are agreed at the UK level through the Joint Nature Conservation Committee (JNCC).

All units are assessed as part of a 6 year rolling programme, with more frequent assessments being made of vulnerable units or those not on target. Condition assessment information is collated in Natural England's Site Information System (ENSIS) and is also available on the Natural England website.<sup>41</sup> ENSIS shows the latest assessment completed by a Natural England Conservation Advisor for each unit, and is continuously updated. It should be noted, however, that the condition of a unit is dynamic and may improve or deteriorate over time.

ENSIS has been developed further to include an on-line reporting system that enables delivery partners to access SSSI information and run reports in order to track progress and plan delivery. Natural England has been working in partnership with major delivery partners to ensure that the ENSIS database accurately reflects their planned delivery of remedies to 2010. This provides the means by which Defra and the delivery partners can plan and prioritise effectively in order to ensure year-on-year progress towards achieving the PSA Target, and enables the SSSI PSA Programme Board to track progress and address any problems that occur.

<sup>41</sup> <http://www.naturalengland.org.uk/>



On the basis of latest condition assessments on each unit of land by the end of March 2008, 82.7 per cent of the total SSSI area was in Target Condition. Whilst this represents a shortfall of 0.3 per cent against the intermediate milestone of 83 per cent it is a significant improvement on the position at the end of 2006-07 when there was a 2.6 per cent shortfall. This reflects a record in-year gain of 7.3 per cent. It is expected that the 83 percent figure will be achieved during the first quarter of 2008-09.

**Figure 7:** Progress to date against trajectory milestones

Year end March 31	Trajectory Milestone	SSSI area meeting the PSA Target
2000		50.0*
2003		56.9**
2004	62	62.9
2005	67	67.4
2006	72	72.3
2007	78	75.4
2008	83	82.7
2009	89	
2010	93	
31 December 2010	93	

(all numbers are reported as percentages)  
\* Estimated figure – \*\* Baseline

Delivery in 2007-08 was significantly above the annual incremental milestone of 5 per cent that was originally planned. The key factors contributing to this performance were:

- pro-active targeting of Higher Level Stewardship to deliver SSSIs into target condition;
- some large SSSIs (notably the Wash) coming into Target Condition following agreement being reached on their management; and
- major delivery partners making and achieving annual delivery commitments and accounting for this delivery on a regular basis through the SSSI Programme’s Major Landowners Group.

Whilst the SSSI target remains behind trajectory, there has been considerable recovery against the 2.6 per cent shortfall from 31 March. The target remains challenging because of its complexity and the wide range of difficult actions required to be carried out in order for it to be met. However, progress in the second half of 2007/08 has been particularly encouraging and the programme will continue to be managed with partner organisations to achieve the 2010 target.

The SSSI target will be an indicator of Defra’s Departmental Strategic Objective on the natural environment, and Defra will continue to report on it until 2010.

### Public Service Agreement target 8: Improving air quality

Improve air quality by meeting the Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3-butadiene. Joint target with the Department for Transport.

There is currently **slippage** against some indicators.

The Government's air quality policies are set out in the *Air Quality Strategy for England, Scotland, Wales and Northern Ireland*,<sup>42</sup> which was published in July 2007 following a review of the *2000 Air Quality Strategy*. The Strategy sets out measures for meeting air quality objectives between 2000 and 2020, while taking into account economic efficiency, practicability, technical feasibility and timescale.

Objectives for benzene, 1,3-butadiene, carbon monoxide and lead were met throughout the UK in 2007, and Defra is meeting current objectives for all air pollutants in PSA8 in 95 per cent of the UK. However, more needs to be done to meet our objectives for nitrogen dioxide (NO<sub>2</sub>) and particles (PM<sub>10</sub>) where there is slippage in all parts of the country, and the 2007 Strategy sets out measures which aim to achieve this.

Concentrations of fine particulate matter (PM<sub>2.5</sub>) will be measured through a new exposure reduction framework introduced by the Strategy. The exposure reduction approach aims to protect the health of citizens in hotspots by keeping exposure within air quality objectives and limit values (a 'backstop objective' or 'concentration cap'), while a 'percentage reduction' or 'exposure reduction' aims to reduce exposure in urban background areas across the UK between 2010 and 2020.

Defra also monitors trends in air quality through the sustainable development indicator for air quality. One of two sub-indicators shows average levels of the two types of pollution (particles and ozone) now believed to have the most significant impact on public health (see Figure 8). The other shows the results for the average number of days when any one of five air pollutants was recorded as moderate or higher and which reflect short-term pollution episodes (see Figure 9). As well as continuing to be reported on until 2010 as a CSR04 PSA target, the SSSI target has become an indicator of Defra's Departmental Strategic Objective on the natural environment, and will also be taken into account as part of tracking progress on the new cross-Government Natural Environment PSA.

Annual average particulate levels have been decreasing, although the trend may be levelling off since around 2001. The production of ozone is strongly influenced by the weather, more being created on hot sunny days; the high levels recorded in 2003 and 2006 in the UK are in part due to heat waves in the summers of those years. The decrease in ozone levels in 2007 is mainly due to the much wetter summer.

<sup>42</sup> <http://www.defra.gov.uk/environment/airquality/index.htm>

Figure 8: Annual levels of particles and ozone, 1987-2007

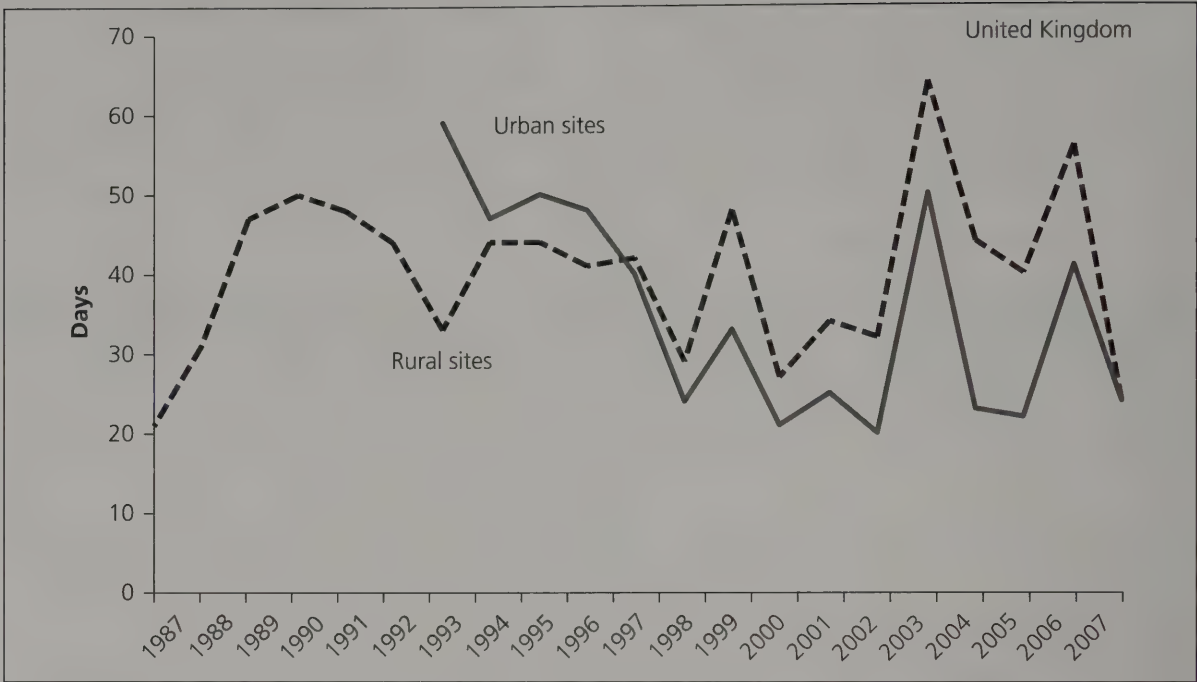


Figure 9: Days when air pollution is moderate or higher, 1987-2007

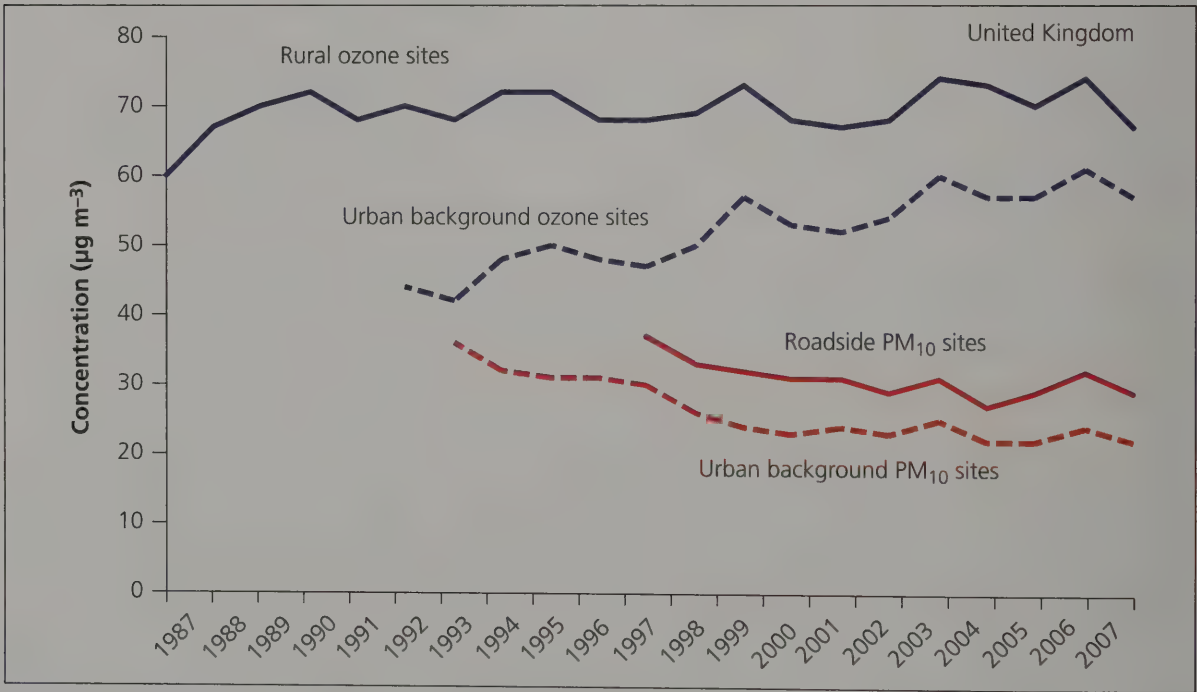


Figure 9 shows the results for the average number of days when any one of five air pollutants was recorded as moderate or higher and which reflects short-term pollution episodes. These demonstrate a high degree of variability in both urban and rural areas.



**Figure 10:** Measured concentrations of PSA pollutants in England in 2007 as a percentage of the relevant objectives (mean of all sites and highest site)<sup>43</sup>

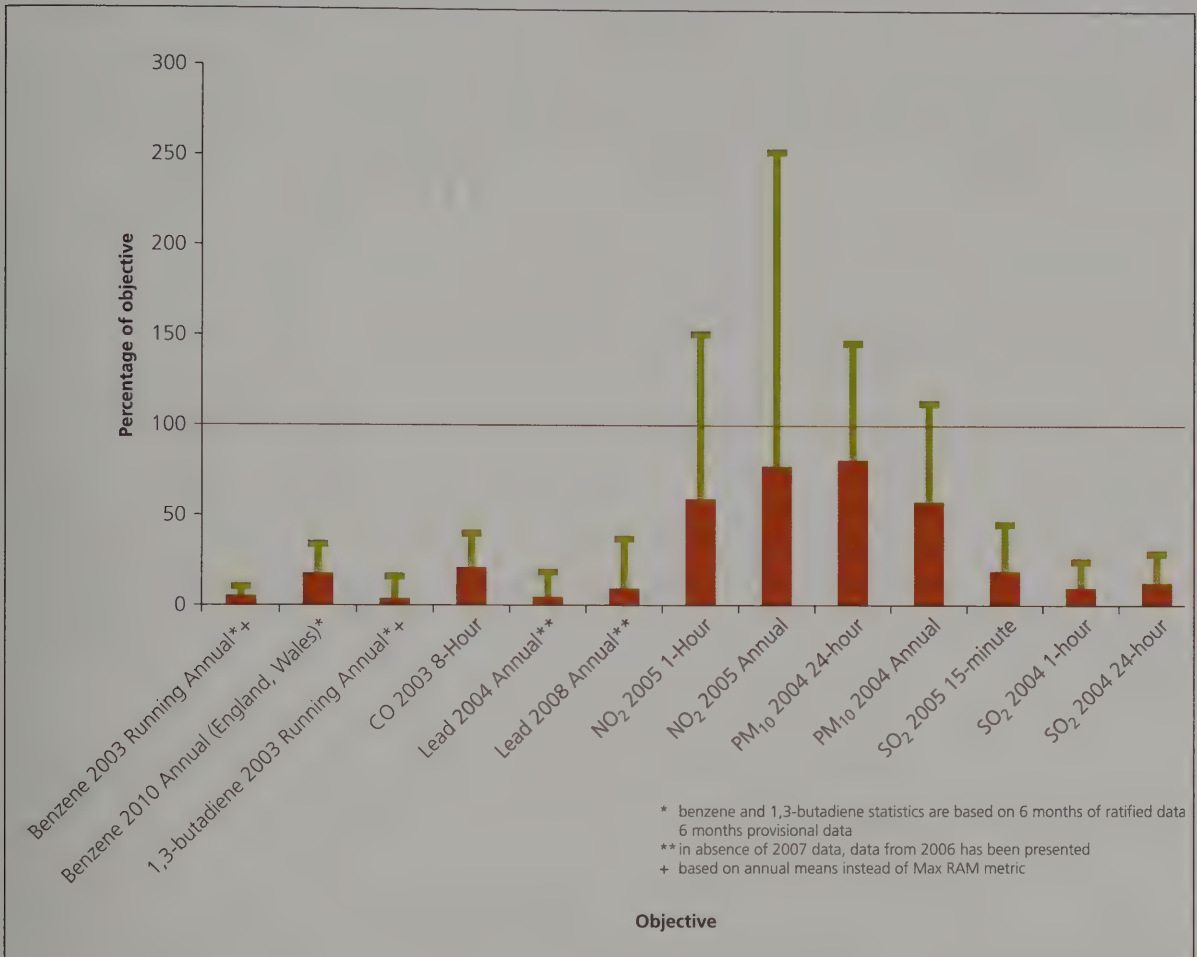


Figure 10 shows the provisional results in 2007 of measured concentrations of pollutants in the *Air Quality Strategy*, including the seven pollutants in the air quality Public Service Agreement target. Pollutants below the red line met the relevant objective in 2007; the blue line represents the range of measurements; the yellow bar is the average of all measurements.

There were no breaches of the sulphur dioxide (SO<sub>2</sub>) objectives recorded at our national monitoring sites. Concentrations of air pollutants show that long-term reducing trends for NO<sub>2</sub> and PM<sub>10</sub> are flattening out or even reversing at a number of locations, despite current mitigation measures. This may be due to increasing emissions of primary NO<sub>2</sub> from road vehicles fitted with particle traps, which has been the subject of further research.<sup>44</sup> 2007 has seen a cooler, wetter summer than previous years, so ozone and particle concentrations and episodes did not increase as much at this time of year as they had in some previous years.

<sup>43</sup> <http://www.airquality.co.uk>

<sup>44</sup> <http://www.defra.gov.uk/environment/airquality/publications/primaryno2-trends/index.htm> for further information

A new EU Directive on air quality has been formally agreed and will come into force in May 2008. The Directive consolidates existing EU legislation on ambient air quality, and introduces some new elements, including a framework for the control of fine particles ( $PM_{2.5}$ ). Compliance flexibilities for  $PM_{10}$  and  $NO_2$  are also introduced, extending the deadline for compliance with these limit values to 2011 and 2015 respectively. This is subject to Member States putting forward detailed plans on how these limit values will be met. Analysis carried out for the *Air Quality Strategy* suggests that additional measures over and above those set out in the Strategy will be needed to fully meet the limit values set out in the Directive by the due dates.

## Performance during 2007-2008

Defra has summarised below the key actions that have been taken to protect and enhance the natural environment, covering a range of policy areas including biodiversity, the marine environment, water quality and availability, landscapes, and sustainable management of land and soils. Defra has also provided an update on the Rural Development Programme for England, which makes a very significant contribution to safeguarding and enhancing the natural environment. Additionally, measures have been taken to improve the quality of the local environment, including on environmental pollution, and on chemicals.

In addition to these sectoral policies and programmes, Defra is committed to developing a more integrated framework for policy-making and delivery on the natural environment, moving progressively towards an ecosystem-based approach. Essentially this means:

- taking a more holistic approach to policy-making and delivery, shifting the focus of our work away from traditional 'silo-based' thinking and increasingly towards whole ecosystems and the services they provide; and
- ensuring that the value of ecosystem services is fully reflected in policy and decision-making.

In December 2007 Defra published an *Action Plan*<sup>45</sup> to help us embed an ecosystems approach and an *Introductory Guide to Valuing Ecosystem Services*<sup>46</sup>. The Action Plan sets out 37 actions for Defra and its key delivery partners, including Natural England and the Environment Agency. Priority areas for action include:

- promoting joined-up working within Defra and the Defra network to deliver environmental outcomes more effectively;
- identifying opportunities for mainstreaming an ecosystems approach; using case studies that demonstrate the benefits of taking an ecosystems approach;
- developing ways of valuing ecosystem services; and
- developing a robust evidence base.

<sup>45</sup> <http://www.defra.gov.uk/wildlife-countryside/natres/eco-actionp.htm>

<sup>46</sup> [http://www.defra.gov.uk/wildlife-countryside/natres/pdf/eco\\_valuing.pdf](http://www.defra.gov.uk/wildlife-countryside/natres/pdf/eco_valuing.pdf)

The new natural environment PSA will also help us to join-up our policy-making and delivery, bringing together biodiversity, water quality, air quality, land management and the marine environment. The new PSA framework also recognises clearly for the first time that delivering a healthy natural environment is a shared responsibility across Government, with the Department for Communities and Local Government (DCLG) and the Department for Transport (DfT) as formal delivery partners.

### Biodiversity

In the past year, Defra have taken action domestically and globally to protect and enhance biodiversity. Defra published *Conserving Biodiversity – the UK approach*<sup>47</sup> in October 2007, summarising the current arrangements for devolved implementation of the *UK Biodiversity Action Plan*. Natural England has been identified as the lead delivery agent for the England Biodiversity Strategy<sup>48</sup>. Working with a wide range of partners, its emphasis will be on creating and restoring combinations of habitats, at a sufficiently large scale to sustain ecosystem services as well as meeting the needs of many priority species. In June 2007, Defra published a suite of eighteen indicators<sup>49</sup> which will be used to assess progress towards our internationally agreed targets. Where comparable data exist, the trends since 2000 generally show a marked improvement over longer term (10-30 year) trends. A revised UK list of priority species and habitats was approved by the Governments of all four UK administrations in August 2007.

Section 40 of the Natural Environment and Rural Communities Act 2006 placed all public bodies under a duty to have regard to the conservation of biodiversity. The aim of this is to ensure that biodiversity is taken into account as a matter of course by all public bodies and statutory undertakers. In May 2007 Defra published two guidance documents on this new duty, one specifically to help local authorities fulfil their duty under the Act, the other more generic guidance aimed at all bodies to which the duty applies.

Climate change is already having impacts on our wild plants and animals; these impacts will increase in the future and Defra need to adapt our approaches to conservation to address the new challenges. In May 2007 Defra published guidance setting out six guiding principles to reduce the impacts of climate change by protecting wildlife and enabling it to respond naturally<sup>50</sup>. In June 2007 Defra co-hosted an international meeting on biodiversity and climate change, which concluded that continuing loss of biodiversity globally could accelerate climate change with even greater impacts on human well-being; but, by conserving biodiversity, climate change and its impacts could be reduced.

The Habitats Directive, along with the Birds Directive, is the cornerstone of the European Union's measures to protect its biodiversity. In August 2007, Defra submitted the Humber, Severn and Dee estuaries to the European Commission (EC) for designation as part of Europe's Natura 2000 network of protected sites. This means

<sup>47</sup> <http://www.defra.gov.uk/wildlife-countryside/biodiversity/index.htm>

<sup>48</sup> <http://www.defra.gov.uk/wildlife-countryside/biodiversity/index.htm>

<sup>49</sup> <http://www.defra.gov.uk/wildlife-countryside/biodiversity/index.htm>

<sup>50</sup> <http://www.defra.gov.uk/wildlife-countryside/biodiversity/index.htm>



that proposals for development which damage these sites cannot be authorised unless they are in the overriding public interest, there are no alternatives, and compensatory measures are put in place to secure the integrity of the Natura 2000 network. Defra is working with Department for Business Enterprise and Regulatory Reform (BERR), the Welsh Assembly Government and others to establish the feasibility or otherwise of proposals to harness energy from the Severn's high tidal range, including an assessment of how this might be done in accordance with the terms of the Directive.

Globally, Defra remain committed to participation in intergovernmental fora both to further our own objectives for wildlife conservation, and to encourage other countries to participate more fully. Defra is also working at official and Ministerial level with the Foreign and Commonwealth Office (FCO), the Department for International Development (DfID) and the Joint Nature Conservation Committee (JNCC) to ensure that policies affecting biodiversity and poverty alleviation around the globe are co-ordinated, and to help some of our Overseas Territories to address specific challenges such as invasive alien species and climate change.

In 2007-08 the Darwin Initiative, whose purpose is to help developing countries meet their obligations under the Convention on Biological Diversity, allocated £3.2 million to 14 new projects, each of which will last for around three years. Defra envisage the next application round being launched in summer 2008.

Under the Convention on International Trade in Endangered Species (CITES), the UK has continued to take measures to control trade on a range of endangered wild flora and fauna and their derivatives. The 14 Conference of the Parties to CITES took place in the Hague in June 2007, and the UK was successful in achieving agreement in three important areas, namely to improve enforcement of CITES restrictions; to address the specific consequences of wildlife trade undertaken over the internet; and to assist countries in assessing the impact of CITES measures on poor peoples' livelihoods.

Non-native species that become invasive are a threat both to our environment and to economic interests. In 2007, a public consultation on a draft Great Britain strategy for addressing this threat revealed strong support for the proposed approach, and a clear recognition that successful implementation would require joint action by a range of interests. In 2007-08, Defra also consulted on proposals for amending the Wildlife and Countryside Act by adding over 70 species to the schedule of animals and plants whose release into, or planting in the wild would then be an offence; and for prohibiting the sale of 28 invasive non-native species.

The Conservation (Natural Habitats, & c.) (Amendment) Regulations 2007 came into force in August, strengthening the protection for species covered by the Habitats Directive; and in February 2008, an order under the Wildlife and Countryside Act 1981 to give greater legal protection to species such as the water vole, the angel shark and two species of seahorse was laid before Parliament.

## Marine environment

Defra will work towards achieving clean, safe, healthy, productive and biologically diverse oceans and seas. In 2007-08 Defra consulted on the Marine Bill White Paper and prepared a draft Marine Bill for publication in Spring 2008. The proposals in the Bill will transform our ability to sustainably manage the use of marine resources and protect the environment. Good progress has been made in defining the Government's long-term marine objectives, which will form the basis of a Marine Policy Statement and will in turn guide marine plans.

Defra secured the UK's objectives when negotiating the Marine Strategy Directive and have begun preparation of the implementation programme, which will require the UK to achieve good environmental status by 2020. Defra also played a lead role in the amendment of the Oslo and Paris Convention for the Protection of the Marine Environment of the North-east Atlantic (OSPAR) Convention to allow permitting of carbon capture and storage which will be important in mitigating climate change.

In October, Defra published *Fisheries 2027*<sup>51</sup>, our vision for achieving sustainable fisheries, and a draft implementation plan called 'Delivering Fisheries 2027'<sup>52</sup>. Defra will develop the plan with stakeholders into a shared long-term contract. In December 2007, Defra launched a consultation on a draft 'Recreational Sea Angling Strategy for England'. In February 2008, Defra launched a consultation on a package of measures to assist the under 10 metre fishing fleet.

Defra secured most of the UK's objectives in the annual EU fisheries negotiations. Defra has continued to provide active logistical and practical support to the Regional Advisory Councils in which the UK has an interest. Jointly with Ireland Defra launched a pilot project to gather accurate data on levels of discarded fish and to trial measures to reduce discarding in the Irish Sea. Defra has continued working on quota reform particularly in regard to the inshore fleet. Defra continued our role among the world leaders in combating illegal fishing, by working with the EC on the proposed EU regulation on illegal, unreported and unregulated (IUU) fishing, and by continuing to pursue the objectives set out in the *High Seas Task Force* report published in 2006. Defra are working closely with the Commission in the delivery of its Action Plan on simplifying the Common Fisheries Policy (CFP), and work is underway on implementing electronic logbooks and sales notes.

In August, the Offshore Marine Conservation (Natural Habitats, & c.) Regulations 2007 came into force, providing greater protection for dolphins, porpoises, whales and marine turtles, and Defra are in the course of designating important habitats in offshore areas. The JNCC are consulting on the first seven offshore sites and Natural England completed a survey of seven inshore areas. Our publication *Protecting whales – a global responsibility*<sup>53</sup> has been very well received and Defra successfully campaigned to maintain the moratorium on commercial whaling.

<sup>51</sup> <http://www.defra.gov.uk/marine/fisheries/policy.htm>

<sup>52</sup> <http://www.defra.gov.uk/marine/fisheries/policy.htm>

<sup>53</sup> <http://www.defra.gov.uk/marine/whales/factsheet.htm>

Defra has developed and is implementing the UK Marine Monitoring & Assessment Strategy to ensure that the UK can collate and use data as efficiently as possible. Another example of effective collaborative working was publication of the *Marine Climate Change Impacts Partnership Annual Report Card*<sup>54</sup> in January 2008, helping inform decision makers about the impact of climate change on the marine environment.

Defra worked with other UK and European funders to collaboratively fund projects to improve understanding of the impact of fishing on fish stocks and the wider marine environment. The £1 million Fisheries Science Partnership involves local fishermen working with Centre for Environment, Fisheries and Aquaculture Science (Cefas) scientists. It has produced very beneficial research which, for example, has informed EU fisheries negotiations.

## Water

Defra published the Government's new water strategy for England, entitled *Future Water*<sup>55</sup>. There is a need for everyone to value water and to take responsibility for protecting this unique resource. The strategy aims to climate change proof water policy and management by identifying the need and opportunities for mitigation and adaptation across the water sector, and it sets out the Government's long-term vision for water and the framework for water management. This includes:

- sustainable delivery of secure water supplies;
- an improved and protected water environment;
- fair, affordable and cost-reflective water charges;
- reduced water sector greenhouse gas emissions; and
- more sustainable and effective management of surface water.

The strategy sets out a holistic approach to improving water quality, focusing in particular on diffuse pollution, to be delivered through the river basin management plans and programmes of measures under the Water Framework Directive. The strategy also identified the benefits – in terms of amenity, recreation, biodiversity and sources of drinking water which require the least possible cleaning up by water companies – as the reason why it must be a priority to use the Water Framework Directive as the main means for achieving this. This reflects the terms of the Natural Environment PSA for 2008 to 2011, one indicator for which will measure improvements in water quality as monitored in rivers.

Alongside the strategy, Defra also published a full public consultation on draft statutory Social and Environmental Guidance to Ofwat, which will be one of the ways of delivering the strategy; a consultation on improving surface water drainage; and a consultation on options for controls on phosphates in domestic laundry cleaning products.

<sup>54</sup> [www.mccip.org.uk](http://www.mccip.org.uk)

<sup>55</sup> <http://www.official-documents.gov.uk/document/cm73/7319/7319.pdf>



From 1 April 2007, water companies' 25-year water resources management plans became a statutory requirement and will now be subject to public consultation. From October 2007, water companies whose areas have been identified as seriously water stressed have been given extended powers to increase compulsory metering. Significant efforts were made to align existing work and priorities on water availability with the developing water strategy. In terms of water quality, proposals were put out for consultation on the extension of Nitrate Vulnerable Zones and revision of the Nitrates Action Programme, as well as on measures to improve bathing waters; the England Catchment Sensitive Farming Delivery Initiative was maintained, providing advice and capital grants (approximately £13 million spent in 2007-08) to farmers and land managers in priority catchments to help improve water quality by improving farming practice; and political agreement was achieved on EU environmental standards for priority dangerous substances under the Water Framework Directive.

The publication of the *European Commission's Communication on Water Scarcity and Droughts* helped focus efforts on water availability. The Communication places a strong emphasis on demand side action as a measure to alleviate water scarcity, improving resilience against the consequences of drought, and the role of water pricing. These topics are all addressed in the water strategy.

### Flooding and Coastal Erosion

The effective management of flood and coastal erosion risk is a priority for Government, with Defra taking a key role through managing the risks through an integrated portfolio of approaches which reflect national and local priorities to deliver the greatest environmental, social and economic benefits possible in line with the Government's sustainable development principles.

The devastating flooding in the summer of 2007 saw some of the most extensive inland flooding in the last 50 years, and interrupted the supply of mains water to 350,000 people for two weeks. This also affected work in the Directorate, diverting resources from other areas to the flooding response, and caused the postponement of the publication of the *Water Strategy* in order to take into account the interim findings of the independent review on floods, led by Sir Michael Pitt.

Defra, working closely with delivery partners, exceeded the 2004 Spending Review target to improve the standard of flood and coastal erosion risk protection for at least 100,000 houses, with approximately 128,000 houses forecast to have benefited between 2005 and 2008. The expenditure levels that supported the delivery of this target are set out in Figure 11 below. Work continued on the development of a long term investment strategy to provide greater certainty of funding for the operating authorities.

**Figure 11:** Flood Management, Defra spend over the 2004 Spending Review period

	2005-06	2006-07	2007-08 (estimate)
Total:	514.8	508.0	515.2

(all figures are reported in millions)

We have also continued to take forward the work to achieve the vision set out in the cross-Government *Making Space for Water* strategy on flood and coastal erosion risk management.

**People and Landscapes**

People value the natural environment for the cultural, spiritual and recreational benefits it provides. The beauty and wonder of the natural environment inspires people everywhere. Distinctive landscapes, rivers, coasts and seas – even urban parks and green spaces – are a cultural and natural asset which contribute to people’s sense of identity and place, and make a major contribution to health and well-being.

Defra consulted the public on the proposed South Downs National Park over the summer. In light of the responses received it was decided to re-open the public inquiry to consider certain specific new issues. Once the inquiry has completed, the Inspector will submit a report to the Secretary of State who will then decide whether a South Downs National Park should be created.

In June 2007 Defra issued a consultation paper called *Consultation on Proposals to Improve Access to the English Coast* which set out a number of options to improve access to the English coast. Following analysis of the consultation responses, Defra announced that new legislation would be introduced to give the public the right to walk around the English coast for the first time. Provisions to improve coastal access have been included within the draft Marine Bill.

During the year several rights of way measures were introduced through regulations. These include: powers for National Park Authorities to make traffic regulation orders, which will principally be used to control excessive or inappropriate use of mechanically propelled vehicles away from the ordinary roads network; statutory rules governing the conduct of rights of way public inquiries and hearings; a duty for local authorities to have regard to the needs of those with mobility problems when authorising gates or other stock-proof structures and enabling local authorities to enter into agreements with landowners to improve such structures; and powers to enable rights of way to be diverted to protect Sites of Special Scientific Interests.

In 2007-08 the Aggregates Levy Sustainability Fund (ALSF) provided around £20 million for projects in England to mitigate the environmental impact of aggregate (sand gravel and crushed rock) extraction and compensate communities impacted upon by quarrying. Projects supported during the year, included woodland improvements, improving access to restored quarries and constructing play areas. Defra issued a consultation on the future priorities for and delivery of the ALSF on 30 January 2008.

## Forestry

Defra's review of domestic forestry policy in England was completed in June 2007 with the publication of *A Strategy for England's Trees, Woods and Forests*.<sup>56</sup> The Strategy aims to provide trees, woods and forests that:

- contribute most to environmental, economic and social benefits now and in the future;
- are resilient and help us adapt to climate change;
- protect natural resources and cultural and amenity value;
- contribute to improving the quality of life; and
- improve the competitiveness of woodland business and promote new or improved markets for sustainable woodland product, where they will deliver identifiable public benefits.

## Land and Soil

A new Soil Strategy for England was put out to consultation. The draft Strategy builds on progress made under the 'First Soil Action Plan for England': 2004-06, and seeks to provide a clear framework for action by Defra, delivery partners and stakeholders for adequate and effective soil protection. The draft Strategy also outlines research needed to ensure our soils policy is robust and based on good scientific foundations. Provisional conclusions have been reached about priority work areas and future objectives, which reflect emerging priorities including climate change mitigation and adaptation. Internal consultation has taken place as well as consultation with key stakeholders.

Defra has set up a new Peat Project along with delivery agencies, and with the involvement of Scotland and Wales, which brings together work on peat relating to a range of objectives including biodiversity, carbon storage and reducing the risk of floods. Its aim is to ensure a co-ordinated approach which recognises the range of ecosystem services provided by peat.

Alongside its domestic policy, Defra led on the negotiations on the *EU Soil Framework Directive and EU Thematic Strategy for Soil Protection*<sup>57</sup> proposed by the European Commission in September 2006. Defra prepared a detailed Impact Assessment, carried out a public consultation and worked with other government departments, agencies and stakeholders to develop a UK negotiating position in line with the principles of better regulation and subsidiarity. Defra also worked with other Member States and the European Parliament to influence the course of negotiations. At the Environment Council meeting in December 2007, the UK was unable to support the Directive and, because of opposition from other Member States a common position was not reached by the Council.

<sup>56</sup> <http://www.defra.gov.uk/wildlife-countryside/rddteam/forestry.htm>

<sup>57</sup> <http://ec.europa.eu/environment/soil/index.htm>



### Rural Development Programme for England 2007-2013

The Rural Development Programme for England (RDPE) is jointly funded by the EU, through the European Agricultural Fund for Rural Development, and the Government. The RDPE is designed to safeguard and enhance the rural environment (with Environmental Stewardship at the heart of the Programme), improve the competitiveness of the agricultural and forestry sectors and foster competitive and sustainable rural businesses and thriving rural communities.

Defra obtained approval of the RDPE programme from the European Commission, opening the way to full implementation from 1 January 2008. The new 7 year Programme has a budget of £3.9 billion, which is more than double the budget available for the previous programme which ran from 2000-06. £3.3 billion of the total budget will be allocated to agri-environment and other land management schemes. This funding will help farmers to manage the land more sustainably and deliver important outcomes on biodiversity, landscape and access, water quality and climate change. Some £600 million will be made available to make agriculture and forestry more competitive and sustainable, and to enhance opportunity in rural areas.

Delivery of the agri-environment and Energy Crops schemes is the responsibility of Natural England. The Forestry Commission delivers the Programme's forestry schemes, while the Regional Development Agencies have been charged with responsibility for delivery of economic and social funding.

Prior to programme approval the Environmental Stewardship was kept open to new applicants in 2007. As at 31 March 2008, Entry Level Environmental Stewardship covered around 52 per cent of farmland in England, while the coverage of all agri-environment schemes (including the now closed Countryside Stewardship and Environmentally Sensitive Areas Schemes) was around 63 per cent

Defra have been working closely with stakeholders on the development of the successor to the Hill Farm Allowance, which will integrate specific funding for the uplands into Environmental Stewardship from 2010. Defra will be consulting on proposals in summer 2008.

### Improving the quality of the local environment

The quality of the local environment matters to us all. Defra are aiming to achieve improved local street and environmental cleanliness, measured through the proportion of land and highways that is assessed as having combined levels of litter, detritus, graffiti and flyposting that fall below an acceptable level.

The results of the 2006-07 Local Environmental Quality Survey of England were announced in the course of the year. The annual survey showed that although good progress was made on graffiti and fly posting for the sixth year running, litter levels in England increased slightly on the previous year.

Through its continuing sponsorship of ENCAMS,<sup>58</sup> Defra has worked closely with local authorities to try to improve cleanliness standards including offering direct support to

<sup>58</sup> <http://www.encams.org/home/>

the poorest performing authorities. An independent assessment of all local authorities has been undertaken by ENCAMS. Information for all authorities will be available from May 2008 and is accessible through Directgov.<sup>59</sup> The in-depth analysis will help all local authorities to identify the issues of concern to them, and to tackle them with guidance and support that Defra can provide through ENCAMS.

Comprehensive guidance and training seminars have been provided to local authorities and other land managers to assist them in making full use of the powers available to them under the Clean Neighbourhoods and Environment Act (2005). During the year local authorities issued more fixed penalty notices for littering than ever before – and more people are paying up when they get caught.

Defra is committed to improving the management of noise and statutory nuisances. Defra are currently implementing the European Noise Directive which requires Member States to produce noise maps for major railways, major airports and urban areas over a certain population threshold. This was an extremely large undertaking which was delivered on time and to budget. The UK was one of the first Member States to report the noise mapping data to the Commission by the deadline of 31 December 2007, which was a significant achievement. The strategic maps for the UK have now been published and are being used in the preparation of action plans aimed at managing noise for each of these sources. Other statutory nuisances include such issues as artificial light, smoke, odours, animals and insects.

### Chemicals and Nanotechnology

REACH, the new EU regime to control chemicals, came into force in June 2007. It will protect human health and the environment, through a European wide system for registering chemicals used in significant volumes, and controlling those which are hazardous. The regime will progressively come into effect over ten years, and will potentially affect any business which manufactures, imports, or uses chemicals.

During 2007 Defra formally designated the Health and Safety Executive as the competent authority for REACH for the United Kingdom, working with the Environment Agency and their equivalents in the devolved administrations. The emphasis of work has been to prepare for implementation, through guidance and advice for and communication with industry, engagement with the new European Chemicals Agency in Helsinki, and the design of the enforcement regime which will apply in the UK.

The UK continued to play a full role in the international efforts to promote the sound management of chemicals. In particular, Defra published the UK's National Implementation plan on persistent organic pollutants (POPs), as required by the Stockholm convention, and introduced new Regulations on POPs. Regulations were also introduced to control specific chemicals – in particular to regulate the use of perfluorooctane sulfonate (PFOS) in fire fighting foams and other uses, and of mercury in fever thermometers and domestic measuring devices.

<sup>59</sup> <http://www.direct.gov.uk/>

Defra continued to work with stakeholders on sustainable consumption and production in the chemicals supply chain, and worked with industry to bring chemicals life-cycle issues into Defra's products work, and in the future work programme of the UK Chemicals Stakeholder Forum.

Defra published the Government's second progress report on research to characterise the potential risks posed by engineered nanoparticles, as part of the continuing work to address the opportunities and challenges which nanotechnologies offer. The UK was also fully engaged in the work through the Organisation for Economic Cooperation and Development to coordinate internationally, so that Defra can share the cost and results of research with other countries and benefit from their work. This work will continue and intensify over the next few years.

### Looking forward to 2008-2009

Many of the areas of work described in this chapter will continue in 2008-09. Selected highlights of upcoming work include:

- a plan to publish the final GB Invasive Non-native Species Framework Strategy in Spring 2008 and make final decisions on the legislative proposals once the consultation responses have been analysed;
- to make further changes to the national air quality monitoring networks due to revised monitoring requirements for many pollutants in the new Air Quality Directive and new *Air Quality Strategy* objectives for fine particulate matter;
- key marine priorities for the next year include taking forward the Marine Bill; finalising the marine objectives; transposing the Marine Strategy Directive; finalising the 'Fisheries 2027' implementation plan; reviewing access to fisheries; negotiating the EU illegal, unreported and unregulated regulation; preparing for the reform of the Common Fisheries Policy in 2012; designating further marine protected sites; and delivering OSPAR commitments;
- implementation and delivery of the water strategy, including two independent reviews to help in this process: one on charging for water, and one on competition in the water industry;
- lessons learned from the summer 2007 floods will be taken forward, including through the increase in funding for flood and coastal erosion risk management;
- the Forestry Commission, with Natural England, are leading the preparation of a Delivery Plan for the *Strategy for England's Trees, Woods and Forests*, to be launched in Autumn 2008;
- there will be a lot of activity on RDPE, including: work on the design of Uplands Entry Level Stewardship, which will replace the current Hill Farm Allowance; implementation of the first recommendations arising from the Environmental Stewardship Review of Progress; and further work on mitigating the impact of 0 per cent set-aside using an appropriate balance between policy instruments;



- as part of Defra's Peat Project, work will commence in 2008 on a number of areas, including identifying the best land management practices for the protection of peat soils taking into account our multiple objectives;
- development of a Noise Strategy for England on neighbourhood and environmental noise; and
- existing chemicals can be 'pre-registered' by the industry in the first significant deadlines under REACH, from June to December 2008.

Chapter 6:  
Sustainable Farming and Food





## HIGHLIGHTS DURING 2007-2008

The Rural Development Programme for England 2007-2013 was formally approved by the European Union (EU) Commission in December 2007, paving the way for full implementation of this £3.9 billion, 7 year programme in 2008. Around £3.3 billion of this investment will be spent on agri-environment and other land management schemes.

Successful sectoral reforms of the Common Agricultural Policy (CAP) were concluded in 2007, notably in respect of the EU wine and fresh and processed fruit and vegetables regimes.

By June 2007, over 98 per cent of the estimated fund for the Single Payment Scheme (SPS) 2006 had been paid, as against a target of 96.14 per cent. Payments of 2007 SPS claims started in mid-December 2007, earlier than in previous years, and as at 18 April 2008 a total of £1.216 billion or 14 per cent of the estimated total has been paid.

In order to improve water quality, Defra confirmed that it will continue to support farmers on catchment sensitive farming for a further three years, funding the England Catchment Sensitive Farming Delivery Initiative with £12.9 million in 2008-09.

To help tackle climate change, Defra announced that that over the next three years the government will provide around £10 million for a new anaerobic digestion demonstration programme.

Defra hosted a major stakeholder conference on the long-term future for farming in England in November 2007.

The new levy board arrangements were completed during 2007-08, with the publication of a full business case for relocation to Stoneleigh in 2009 and the five levy boards being replaced with the Agriculture and Horticulture Development Board on 1 April 2008.



## Sustainable Farming and Food: Overview

Defra's strategic objective is to deliver a thriving farming and food sector with an improving net environmental impact. The outcomes Defra is seeking to achieve are:

- profitable and competitive farm-based businesses;
- the delivery of the Government's vision for CAP reform<sup>60</sup>
- improved welfare of kept animals; and
- reduced global impact of UK food production and consumption

Farming in the United Kingdom continues to make an important contribution to our economy, our natural environment and our rural communities. It contributed £5.3 billion to the economy in 2007 (as measured by Gross Value Added at basic prices) and employs over half a million people, while the wider agri-food sector accounted for 6.9 per cent of the total economy (2006) and provided over 3.6 million jobs (in third quarter of 2007), 14 per cent of all employees in Great Britain.

Farming and land management also plays a crucial role in relation to the environment. It looks after 70 per cent of England's land, shapes the landscapes we all value, provides habitats for our flora and fauna and can provide valuable 'ecosystem services' such as clean water or carbon storage. Moreover, it can help us live within our environmental means by producing sources of renewable energy and materials. But there are challenges too. Agriculture is responsible for around 7 per cent of the UK's greenhouse gas (GHG) emissions. It accounts for 37 per cent of methane emissions, mainly from livestock and manure, and 67 per cent of nitrous oxide emissions, mainly from the use of inorganic fertilisers. About 60 per cent of nitrates in rivers come from agriculture, and many important farmland habitats and species are still in decline in England.

Defra's role is to facilitate behavioural change within the sector that will enable it to become more competitive at home and abroad, while at the same time ensuring it improves its net environmental contribution. Both in respect of tackling climate change, but also by managing the landscape and the natural assets that underpin it. In addition, the health and welfare of animals is central to Defra's work of protecting and improving livestock and controlling and eradicating disease.

This chapter of the Departmental Report sets out what Defra is doing to help the industry meet the challenges and opportunities it faces, and in doing so building a sustainable farming and food sector for the future. Specifically this chapter provides an assessment of progress we have made in achieving further reform in the Common Agricultural Policy (CAP) and the implementation of our strategy for sustainable farming and food and their related Public Service Agreement (PSA) targets. It then moves on to look at our animal health related PSA targets.

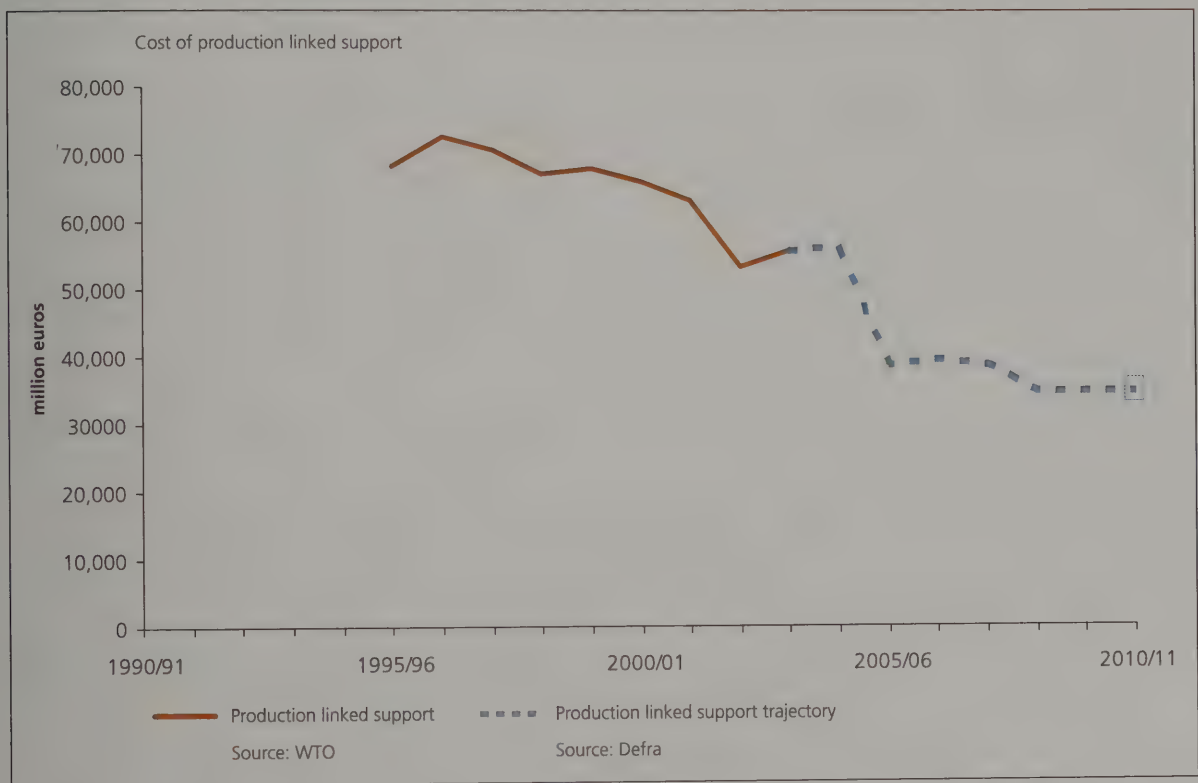
<sup>60</sup> <http://www.defra.gov.uk/farm/policy/capreform/pdf/vision-for-cap.pdf>

## Assessment of progress made against Public Service Agreement Targets

### Public Service Agreement target 5: Reform of the Common Agricultural Policy (CAP)

Secure further progress via CAP and World Trade Organisation negotiations in reducing CAP trade-distorting support.

Figure 12: Cost of CAP production-linked support



Overall Defra is **on course** to meet this target. However, the ability to deliver one element of this target (to be on an agreed track by 2008 for tariff reductions) is heavily dependent on a successful conclusion of World Trade Organisations (WTO) negotiations.

### Performance during 2007-2008

The decoupling of farm subsidies from production, brought about by the 2003 reforms, has made a significant difference in reducing the trade distorting nature of CAP payments. Farmers now receive the majority of payments either through the Single Payment Scheme or as part of a rural development scheme. England has fully decoupled all payments where possible. Defra estimates that when fully implemented the agreed reforms of the fruit and vegetable and wine regimes could yield a reduction in production-linked support of up to €1.5 billion<sup>61</sup>. Together with previous reforms of

<sup>61</sup> Provisional estimate

sugar and banana regimes this will be more than sufficient to achieve the target of a 10 per cent reduction in production-linked support by 2008-09.

Expenditure on EU export refunds for agriculture is set to decrease from €1.4 billion in 2007 to €1.1 billion in 2008. Given delays to the Doha Development Agenda (DDA), there has been no significant change to EU agricultural tariffs over the SR04 period.

The data used are compiled by the European Commission, including returns by each member state on their commodity support expenditure, and using the methodology specified in the Uruguay Round Agreement on Agriculture, which are then notified to the World Trade Organisation.

### **Reform of the Common Agricultural Policy**

By working within the EU to break the link between direct payments and production and by seeking to divert a greater proportion of direct payments away from agricultural support and towards wider rural development and environment schemes, the Government has made significant progress, particularly in the 2003 reforms, in its aim of reducing the trade distorting nature of the Common Agricultural Policy (CAP) and in achieving better value for public money. This is also enhancing the long-term sustainability of farming by improving its economic prospects, environmental impacts and social benefits. However further reform is still needed.

Further progress was made in 2007-08 through EU agreement on a number of sectoral CAP reforms. Highlights included:

- reform of the EU wine regime, thus completing the round of market oriented CAP reforms started with the arable and livestock regimes in 2003. The reform provides for the phasing out of restrictions on vineyard planting and of EU-funded schemes for disposing of surplus wine and wine products that are hampering the efficiency of the sector. In addition, the procedures for approving wine making practices will be modified and restrictions eased on the information that can be put on the labels of EU wine in order to allow European producers to better respond to the strong competition from New World wines;
- a major reform of the EU regimes for fresh and processed fruit and vegetables, bringing this sector into line with other market-orientated CAP reforms since 2003. The reform included a decoupling of all aids for products grown for processing and integration of the sector into the Single Payment Scheme;
- changes to the Sugar Restructuring Scheme, designed to make the Scheme more attractive to sugar beet processors. This will help to more rapidly achieve the reduction in size of the EU sugar industry to more sustainable levels as envisaged by the 2005 reforms of the EU sugar sector;
- suspending the requirement for farmers not to use a percentage of their land for the production of food and feed crops (known as 'set-aside') for the 2008 EU harvest and to suspend the import duties on feed grains until June 2008. This measure follows a second successive lower world wheat harvest and increased world demand, and is designed to reduce the level of cereal prices;



- the modification of the public intervention system for maize and for a two year extension of the potato starch quota system; an expected increase of 2 per cent in Milk Quotas from April 2008 (originally proposed in the 2003 Reform, but delayed until the effects of the other dairy reform measures had been evaluated). This should help the sector benefit from a longer transition towards the abolition of quota and give greater flexibility to the sector to allow it to respond to market demand; and
- a minor reform of the dairy regime, which was mainly technical in nature, but which has had some simplification benefits, has also liberalised the rules on drinking milk and allowed the sector to become more market focused.

The European Commission also presented its Communication on options for a CAP Health Check (see below).

### **World Trade Organisation negotiations – the Doha Development Agenda**

The Doha Development Agenda (DDA) negotiations were restarted in early 2007 and have been making significant, if uneven, progress since. Delays affect the Government's ability to secure progress in reducing agricultural tariffs.

## **Looking forward to 2008-2009**

### **CAP negotiations**

Following the Commission Communication last autumn, we expect Commission proposals on further reform of the CAP (called the 'Health Check') in May 2008, and agreement under the French Presidency by the end of the calendar year. The Commission has indicated that they will make proposals aimed at phasing out most remaining coupled payments and the use of milk quotas (including a 'soft landing' for dairy), the abolition of set-aside, scaling back of intervention, and a shift in emphasis from Pillar 1 (direct farm payments) to Pillar 2 (rural development) via more compulsory modulation (the mechanism that transfers funds from Pillar 1 to Pillar 2 of the CAP).

The UK will also be pressing for further simplification of the CAP, including no new administrative burdens or complexities such as the capping of payments or market distorting risk and crisis management measures. The UK has asked the Commission to develop measures that capture the key environmental benefits previously derived from set-aside.

In addition to the 'Health Check' there continue to be the following opportunities and actions to reform individual aspects of the CAP. Notably, the Commission will be bringing forward a number of separate legislative proposals with simplification objectives during 2008, including reviews of private storage aid, starch production refunds, controls of export refunds, and marketing standards for fruit and vegetables.

**Public Service Agreement target 5: Sustainable farming and food**

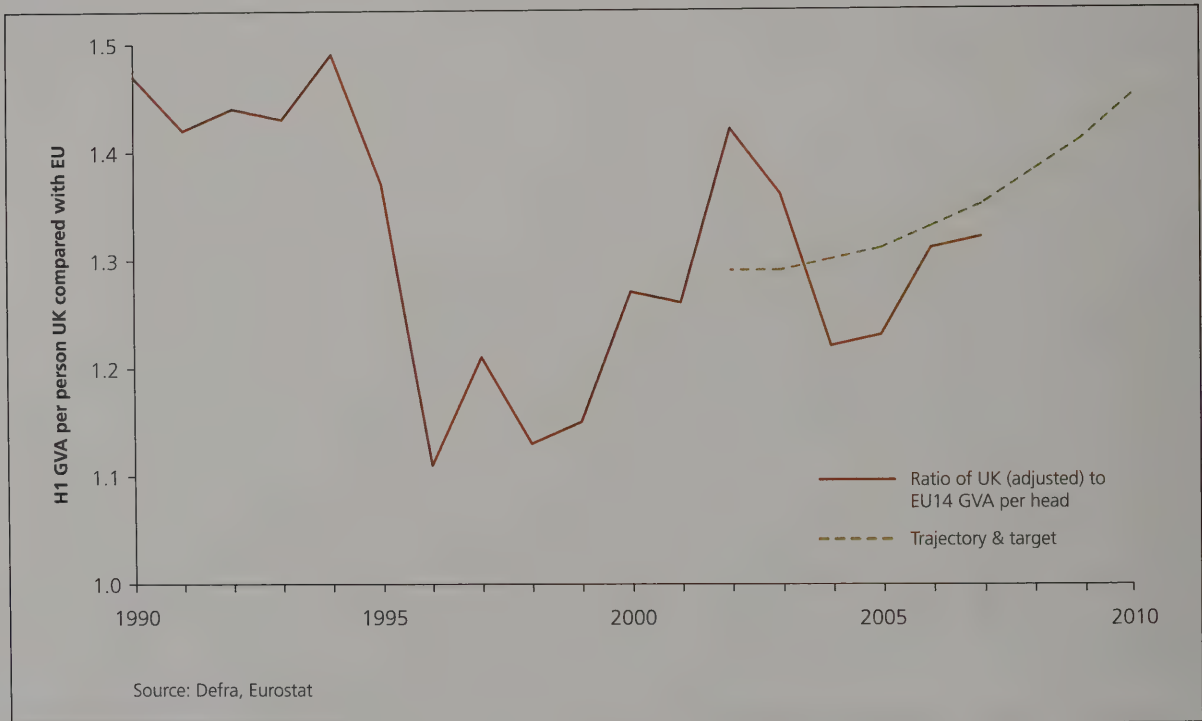
**Deliver more customer focused, competitive and sustainable farming and food as measured by the increase in agriculture's gross value added per person excluding support payments;**

Overall, we are **on course** to meet this target. However, the likelihood of delivery is heavily dependent on our ability to deliver a long term change in behaviour in the food and farming industry and to demonstrate when our outcomes have been achieved.

**Performance during 2007-2008**

This element of the PSA5 is measured by the productivity of the farming indicator: Gross Value Added per person (GVA), UK compared to rest of EU.

**Figure 13:** Gross Valued Added per person UK compared with EU



The 2007 ratio of UK GVA to EU14 countries stands at 1.32; this is a slight increase (1 per cent) on the 2006 figure of 1.31 as the external factors impacting on the value of production (in particular the poor weather and the rise in commodity prices half way through 2007) have affected the UK and EU14 to a similar extent. This continues the increase seen since 2004 and represents a recovery towards the trajectory over this period. Note that these estimates have been revised slightly downwards due to backdated revisions by Eurostat.

The value put back into the beef chain through the ending of the OTMS and the lifting of the 10 year ban on the export of beef and cattle in 2006 contributed to the recovery in the GVA measure. In addition, UK total factor productivity increased by 2.1 per cent in 2006 and labour numbers fell, both of which may have also contributed to the recovery.

However, several factors during 2007 may affect future performance against the PSA target. In particular Foot and Mouth Disease, Bluetongue and Avian Influenza outbreaks have led to meat and live animal export bans, domestic movement restrictions and market disruption, as well as considerable operational and animal husbandry difficulties. Costs to producers are estimated at over £100 million, with the sheep industry particularly hard hit.

In addition, farming in England was affected by adverse weather conditions in 2007, with hot dry weather in spring followed by persistent wet weather throughout the summer with severe localised flooding. This has led to crop losses, reduced yield and quality, increased disease levels and increased need to house livestock with consequential increased costs.

Performance of the sector also needs to be seen in the context of rising global commodity prices, particularly of cereals and, for much of the year, dairy products, with widespread impact across the EU. The steep rise in cereal prices, whilst benefiting the arable sector, has led to greatly increased costs for many livestock farmers, particularly in the pig and poultry sectors.

### **Farming for the Future Programme**

To further advance the Department's objectives for the farming sector, Defra set up a new Farming for the Future Programme in spring 2007. The Programme is designed to complement the Government's Sustainable Farming and Food Strategy (SFFS) which continues to be the over-arching framework for delivering the Department's goals for the farming and food industry.

The Programme is aimed at delivering the behaviour change necessary to realise our long-term vision for farming which was set out by Secretary of State, Hilary Benn, at a major stakeholder conference in November 2007. The vision identifies an English farming sector in 2020 that:

- is valued for the quality, safety, and environmental and animal welfare standards of the food and other products it makes; in other words, profitable and competitive domestically and internationally;
- works together collaboratively to meet the challenges it faces, and which manages risks;
- embraces its environmental responsibilities – tackling climate change, managing water, air and soil – and sees them as essential to its long term economic success, rather than a threat to it; and
- is, above all, innovative, self-reliant, successful, and confident about its future and which expresses that confidence outwardly.



Activity within the Farming for the Future Programme is focused on those areas that can make the biggest differences to achieving the Department's goals, notably in respect of:

### **Climate change and agriculture**

Agriculture is responsible for around 7 per cent of the UK's greenhouse gas emissions. Defra has set up a project on Agriculture and Climate Change and is working with the Rural Climate Change Forum, and the *Farming Futures* communications project<sup>62</sup> – to which Defra has committed further funding of up to £250,000 (to March 2009) – to develop and disseminate advice to farmers and land managers on their role in mitigation and adaptation to climate change. The project also includes looking at the feasibility of a sector emissions trading scheme, promoting the uptake of anaerobic digestion, and collaboration with other countries including Germany and China to take forward joint work on sustainable agriculture. It is underpinned by research into good practice on both mitigation and adaptation. Further information on the actions Government is taking to promote the sustainable use of biomass for renewable energy, transport fuels and materials is set out in Chapter 2 on 'Tackling climate change' and Chapter 5 'Securing a healthy natural environment'.

### **Integrated Farming (and Environmental Management Systems for Farming)**

The aim of this project is to set a future direction for government policy on Integrated Farming and Environmental Management systems (EMS) that will contribute to reducing the environmental footprint of farming. A stakeholder meeting was held in July 2007 which supported a coherent and consistent approach to the use of EMS in farming that was industry-led and built on existing schemes with government supporting and shaping the framework. Research has been commissioned to inform the development of an environmental management system for farming.

### **Nutrient Management**

The aims of the Nutrient Management Workstream are to increase the efficiency of nutrient use on farm and reduce net environmental pollution from agriculture. By looking at nutrient management practices across entire farming systems we can minimise the risk for pollution swapping, create benefits for public health, mitigate greenhouse gas emissions, reduce eutrophication and improve soil quality. Working across Defra and together with industry, the Workstream will result in integrated, complementary policies communicated effectively to provide a good service for farmers and other stakeholders. The Workstream was launched in April 2007, and has got off to a good start with several projects underway. The Workstream has also undertaken the revisions of the Fertiliser Manual (RB209), the decision support system PLANET and the Codes of Good Agricultural Practice, as well as the development of a template Nutrient Management Plan together with industry organisations. These strands of work, which provide important support for the delivery of the revised Nitrates Directive Action Programme, are all near completion and are expected to be ready for publication in summer 2008.

<sup>62</sup> *Farming Futures* is managed by Forum for the Future, in partnership with Defra, the NFU, the CLA, the ARF and the AIC; see [www.farmingfutures.org.uk](http://www.farmingfutures.org.uk)

## Skills for Farming

The aim of this project is to agree with the industry and other stakeholders an action plan to deliver, by 2020, an industry which has all the appropriate skills to be fully competitive in the market place, farming without subsidy, and delivering against a demanding agenda for the mitigation of, and adaptation to, climate change and improved environmental performance. Good progress has been made with three well attended stakeholder workshops during 2007-08. The project is on target for development of an industry owned action plan by June 2008.

## Farm Health Planning

Under the Farm Health Planning (FHP) initiative, Government is working in partnership with industry to promote wider use and better understanding of health planning and how to put it into action effectively, achieving higher standards of livestock health and welfare. Government is funding initiatives in the livestock sector, designed with industry to provide livestock keepers with the opportunity to learn more about health planning and how it is relevant to them. Together, industry and government have also developed some key tools to helping to put farm health planning into action, which are available on a dedicated website.<sup>63</sup> An independent report on how farm health planning is used currently is available on the Defra website.<sup>64</sup>

## Progress has also been made in the following key areas in 2007-2008

### The Rural Development Programme for England 2007-2013

The Rural Development Programme for England (RDPE) 2007-2013 was formally approved by the European Commission in December 2007. The Government is investing £3.9 billion of public expenditure in farmers, land managers and the rural economy through the Programme to support environmental farming practices and improve the sustainability and competitiveness of the farming sector. Around £3.3 billion of this funding will be spent on agri-environment and other land management schemes, with around £2.9 billion delivered through Environmental Stewardship. This funding secures the delivery of public environmental goods that the market does not currently reward. See Chapter 5 'Securing a healthy natural environment' for more details.

### Single Payment Scheme

Despite the legacy of problems arising from implementation of the scheme in 2005, Rural Payments Agency (RPA) met its formal target of making 96.14 per cent of payments under the 2006 scheme by 30 June 2007. More challenging targets were set for the 2007 scheme (75 per cent of the total value of payments by end March 2008 and 90 per cent by end May 2008). Following the start of payments in December 2007, a month earlier than for the previous scheme year, RPA met the first of these targets some five weeks ahead of schedule and is on course to meet the second target.

<sup>63</sup> [www.defra.gov.uk/fhp/](http://www.defra.gov.uk/fhp/)

<sup>64</sup> [www.defra.gov.uk/animalh/ahws/fhp/index.htm](http://www.defra.gov.uk/animalh/ahws/fhp/index.htm)

### **Agriculture and Horticulture Development Board**

The radical restructuring of the statutory agriculture and horticulture levy boards was completed in 2007-08. To improve the effectiveness and efficiency of the levy arrangements, a new statutory levy board – the Agriculture and Horticulture Development Board (AHDB) – came into being and assumed full levy raising powers on 1 April 2008. AHDB, and its six sector companies, replaced the five previous statutory levy boards: the British Potato Council, the Home-Grown Cereals Authority, the Horticultural Development Council, the Milk Development Council and the Meat and Livestock Commission.

Ahead of the legislation, Ministers appointed a shadow board in 2007 to advise on the restructuring. The AHDB proposed a business plan to Ministers which will result in the relocation of all levy board work to Stoneleigh in 2009, with estimated savings of £12.7 million (net present value) over five years.

### **Catchment Sensitive Farming**

In August 2007, Defra consulted with stakeholders on policy options for tackling diffuse water pollution from agriculture as part of the implementation of the Water Framework Directive. All of the proposed options included a measure of regulation in the form of Water Protection Zones (WPZs). A summary of responses and a Government response on the way forward from this consultation has now been published<sup>65</sup>. We will be taking forward three specific strands in the programme as outlined in the Government response: advice, schemes and regulation to tackle diffuse water pollution from agriculture. WPZs will be the regulation element.

In February 2008 Defra launched 'Future Water', the Government's new Water Strategy for England<sup>66</sup>. This confirmed that Defra will continue to support farmers on catchment sensitive farming for a further three years. Defra has since confirmed that the England Catchment Sensitive Farming Delivery Initiative will receive funding of £12.9 million in 2008-09.

### **Public Sector Food Procurement Initiative<sup>67</sup>**

Good links were established in 2007-08 with the Department for Children, Schools and Families and the School Food Trust to link the Public Sector Food Procurement Initiative (PSFPI) more closely with the programme to improve school food. This has led to several initiatives promoting a more sustainable approach to sourcing and producing school food, including encouraging links with other programmes such as the school food programme, sustainable schools and healthy schools and the Year of Food and Farming in schools, an industry-led campaign endorsed by Government.

<sup>65</sup> <http://www.defra.gov.uk/farm/environment/water/csf/pdf/diffuse-consult-govresponse.pdf>

<sup>66</sup> <http://www.defra.gov.uk/environment/water/strategy/pdf/future-water.pdf>

<sup>67</sup> <http://www.defra.gov.uk/farm/policy/sustain/procurement/index.htm>



PSFPI objectives were modified in the autumn to take account of changes in policy and approach, including the need to implement recommendations made by the National Audit Office and Public Accounts Committee for smarter food procurement in the public sector. A new guide, *Putting it into practice*<sup>68</sup> was produced in December 2007 explaining the issues and how the objectives can be realised. A new more user-friendly catering services and food procurement toolkit has also been published; plus guidance produced by the National Governors Association to help schools develop whole food policy statements to increase the uptake of the PSFPI and other related Government programmes.<sup>69</sup>

### Food Chain Programme

Evidence shows that food production and consumption has a significant impact on climate change and other resource and environmental issues. To understand and address these issues better Defra established the Food Chain Programme in April 2007 with the aim 'to reduce the global impact of UK food consumption and production'.

The programme focuses on developing a robust evidence base and ensuring consumers are aware of the impact of their food consumption, as well as building on the Food Industry Sustainability Strategy's long term aims of reducing the greenhouse gas emissions and waste generated by the food chain. It also seeks to identify where impacts occur and to work with manufacturers and retailers and consumers to reduce those impacts. The programme works closely with Defra's Sustainable Consumption and Production Programme on the development of a methodology for measuring embodied greenhouse gases in food products (see Chapter 4 'Sustainable consumption and production'); and overseeing the work on the food (milk and fish and shellfish) roadmaps.

### Looking Forward to 2008-2009

Defra will publish a *Framework for Action* later in 2008. This will be a public statement of how Government will continue to work in partnership with the agriculture sector to deliver a shared long-term vision for farming in England. The document will set out priority themes, actions and commitments over the next 3-5 years, from Government, its delivery partners, and key stakeholders within the farming and land management sector.

A Government response was published in March 2008, following the consultation on policy options for tackling diffuse water pollution from agriculture as part of the implementation of the Water Framework Directive<sup>70</sup>. Defra has decided that future policy will be based on a package that consists of Water Protection Zones, agri-environment schemes and advice. A further consultation will take place in mid 2008 on the amending legislation for the establishment of such Zones, and on associated statutory guidance for the Environment Agency.

<sup>68</sup> <http://defraweb/farm/policy/sustain/procurement/pdf/psfpi-putting-into-practice.pdf>

<sup>69</sup> <http://www.defra.gov.uk/farm/policy/sustain/procurement/resources.htm>

<sup>70</sup> <http://www.defra.gov.uk/farm/environment/water/csf/pdf/diffuse-consult-govresponse.pdf>

## The Animal Health and Welfare Strategy for Great Britain

### HIGHLIGHTS DURING 2007-2008

In December 2007, Defra restarted the work programme of the UK Responsibility and Cost Sharing Consultative Forum and launched an 18-week public consultation, to consider how to achieve greater sharing of responsibility and costs for animal health and welfare.

In April 2007, the Animal Welfare Act came into force. Early indications are that the new duty of care is encouraging those responsible for animals to work with welfare agencies to raise standards where necessary, reducing the number of court cases.

During 2007, the European Commission published a Communication on an EU Animal Health Strategy, setting objectives and principles to guide the development of a more coherent, risk-based and transparent EU policy.

Defra implemented its contingency plan for handling exotic animal diseases in respect of outbreaks of Foot and Mouth Disease, Avian Influenza and Bluetongue. More detail is available in Chapter 8 'Preparing for emergencies'.

Defra worked in close partnership with the farming industry, in particular with a Core Group of industry stakeholders, to develop and put in place an effective Bluetongue Control Strategy before Bluetongue was confirmed in East and South-East England in September 2007. This ongoing partnership has led to the development of a vaccination strategy, and the UK was the first Member State dealing with the current Bluetongue outbreak in northern Europe to place an order for vaccine. Vaccination began in the areas most at risk from the disease in April 2008 and will be rolled out across England over the summer.

### Overseeing the Strategy in England – the England Implementation Group (EIG)

The EIG, a Defra advisory body, continued throughout 2007 overseeing delivery of the Animal Health and Welfare Strategy in England, on behalf of the Department. On 1 April 2008, the EIG published a report<sup>71</sup> on progress implementing the Strategy in 2007-08. It also launched an England Implementation Plan<sup>72</sup> showing what Government, industry and others are doing to support the Strategy.

### Sharing Responsibilities and Costs for Animal Health and Welfare

A UK 'Responsibility and Cost Sharing Consultative Forum' was established in December 2006 to work together to consider how a greater level of responsibility and costs for animal health and welfare could be shared between the Government and industry in the future. In sharing responsibilities and costs for animal disease control, the aim is to both reduce the risk of disease and the associated regulatory burden. Significant progress was made in 2007 to take the responsibility and cost sharing agenda forward despite timescales being affected by the Foot and Mouth Disease outbreak.

<sup>71</sup> [www.defra.gov.uk/animalh/ahws/eig/pdf/second\\_prog\\_report2008.pdf](http://www.defra.gov.uk/animalh/ahws/eig/pdf/second_prog_report2008.pdf)

<sup>72</sup> [www.defra.gov.uk/animalh/ahws/eip/index.htm](http://www.defra.gov.uk/animalh/ahws/eip/index.htm)



Meetings of the UK Consultative Forum were postponed during the Foot and Mouth Disease outbreak. Engagement with members started again as soon as was possible and the Forum re-started its detailed work programme in December. An 18-week public consultation on how responsibilities and costs might be shared in the future was launched on 11 December 2007. At the same time the Forum will be developing specific recommendations on establishing full responsibility and cost sharing taking account of responses to the consultation exercise.

### **Endemic and Exotic Animal Diseases**

Defra's Public Service Agreement target for the 2004 Spending Review (SR04) period sets targets for tackling key endemic animal diseases – Bovine Spongiform Encephalopathy (BSE), Scrapie and Bovine Tuberculosis (TB). Good progress has been made on all these. Chapter 8 deals with Defra's preparedness for outbreaks of exotic animal diseases, and summarises our response to outbreaks and incidents in 2007-08.

### **Assessment of progress made against Public Service Agreement Targets**

#### **Public Service Agreement target 9: National Scrapie Plan (NSP)**

**A reduction of 40 per cent in the prevalence of scrapie infection (from 0.33 per cent to 0.20 per cent) by 2010.**

Our overall assessment is that this target will be missed. Based on the latest modeling results we expect that the 40 per cent reduction required will not be achieved until 2011.

This target was based on a 2004 model that assumed there would be an EU requirement to replace our existing voluntary GB Ram Genotyping Scheme (RGS) with a compulsory genotyping scheme. That requirement was dropped by the EU Commission at the end of 2006. In the light of developing science on scrapie we are currently consulting on the future of the voluntary GB RGS with a view to closure or transfer to industry ownership.

#### **Public Service Agreement target 9: Bovine Spongiform Encephalopathy (BSE)**

**Reduction in the number of cases of Bovine Spongiform Encephalopathy detected by both passive and active surveillance to less than 60 in 2006 with the disease being eradicated by 2010.**



Our overall assessment is that the 2006 target was reached in 2007. Although the incidence of BSE in Great Britain is very low and is continuing to decline there is a risk that we will not meet the 2010 target. However, any cases in 2010 will be the result of infection several years previously because of the long incubation period of BSE. We expect the number of new infections in 2010 to be close to zero although it will not be possible to confirm this until at least 2015.

There were 104 BSE cases in Great Britain in 2006. In 2007, the number of cases fell by 49 per cent to 53.

Defra is continuing to work towards its Public Service Agreement target of eradicating BSE in GB by 2010. However, due to the long incubation period of BSE, achievement of this target will be determined by past events and will be affected by the EU's surveillance regime and the longevity of cattle born before August 1996, in which the prevalence of infection is highest. The Government is working with industry leaders to encourage producers to dispose of these cattle into the Older Cattle Disposal Scheme before it closes at the end of 2008.

Future BSE cases born after the reinforced feed ban in August 1996 could also impact on our achievement of the 2010 target although epidemiological assessments have demonstrated a clear decline in the prevalence of BSE infection in successive birth cohorts born after July 1996.

**Public Service Agreement target 9: Bovine Tuberculosis (TB)**

**A reduction in the spread of Bovine Tuberculosis to new parishes to below the incremental trend of 17.5 confirmed new incidents per annum by the end of 2008.**

On Bovine TB, we expect to meet the 2008 target of limiting the spread of Bovine TB to areas currently free from the disease. Bovine TB nevertheless remains a significant problem for the farming industry in those areas of the country where the disease is prevalent.

**Other Animal Health and Welfare Developments**

**Developing relationships with delivery partners**

Within Food and Farming Group in Defra, we have brought together support for agency Corporate Customers so as to establish best practice in policy/delivery relationships and to aid collaboration, both between policy and delivery and between the delivery bodies themselves. Corporate Customers have regular meetings with agency Chief Executives and functions supporting this are being developed. For example, for Animal Health, there is a Delivery Review Board for discussion and agreement of policy customer and delivery priorities; oversight of the Agency's delivery performance and related resource, capacity and capability issues; and as an overview of delivery input to policy. Animal Health is developing its capacity to provide delivery input when policy is being developed or reviewed – part of our efforts to engage delivery partners in the policy cycle. Similar

activities apply for the Rural Payments Agency, Veterinary Laboratories Agency and Veterinary Medicines Directorate, as well as for Meat Hygiene Service, which although an Executive Agency of the Food Standards Agency, delivers important work for us. There are also regular meetings of the Animal Health & Welfare Delivery Board, where the Chief Executives of these agencies, the Chief Veterinary Officer and other senior Defra officials meet to improve collaboration with a focus on achieving outcomes.

Local authorities are also important delivery partners, and following an independent review (by David Eves,<sup>73</sup>) we are looking to strengthen the relationship. Together with Animal Health and the Local Authorities Coordinators of Regulatory Services we are reviewing the Framework Agreement between us. One aim is to improve coordination between Animal Health and the local authorities as well as between local authorities themselves with a view to identifying and reducing animal disease risks. We will build on this to introduce a performance indicator for local authorities for introduction in 2009.

### **EU Animal Health Strategy**

During 2007, the EU Commission published a Communication on an EU Animal Health Strategy, subsequently endorsed by the Council, which sets out objectives and principles to guide the development of a more coherent, risk-based and transparent EU animal health policy in the period up to 2013. In 2008 the Commission is expected to develop an action plan listing specific proposals to implement the Strategy.

### **International Animal Health**

Following animal disease emergencies during 2007, we worked to ensure that trade was able to resume as soon as possible. In the example of Foot and Mouth Disease (FMD) in Surrey, which was confirmed on 3 August 2007, we had, by 10 August, made various export health certifications available to UK exporters as required under the limitations of EU FMD-related export restrictions placed upon us. Similarly, following confirmation in September 2007 that the Bluetongue virus was circulating in England, Defra ensured that permitted intra-Community trade in ruminant livestock and their genetic material was able to continue as quickly as possible (provided that this trade met the FMD movement restrictions in place at that time). Since the vast majority of the UK's export trade is with other EU Member States, this represented a boost for an export sector already under pressure from FMD.

Defra's partnership with its stakeholders was key in ensuring that UK exporters were able to continue/resume trade as quickly as possible after each outbreak. Defra kept industry fully informed by holding stakeholder meetings and publishing regular Customer Information Notes on the Defra website. Defra also worked closely with British Embassies, High Commissions and overseas veterinary authorities, providing detailed information and reassurance about the disease situation in the UK, to try to keep export markets open. Defra was successful in reopening a number of key markets in 2007 including meat to Hong Kong and skins/hides to Turkey, but a number of other markets including China and Russia are harder markets to reopen.

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<sup>73</sup> <http://www.defra.gov.uk/animalh/ahws/deliver/review.htm>.

We successfully regained, on 19 February 2008, our official FMD freedom status (without vaccination) in accordance with OIE (the World Animal Health Organisation) rules, a key success early in 2008.

### **Foot and Mouth Disease**

On 8 October, the Secretary of State announced a package of measures to assist the farmers most affected by the outbreak of Foot and Mouth Disease. This consisted of £8.5 million to hill farmers, who were particularly affected by movement restrictions; £1 million for a culled stock scheme for farmers in the FMD risk area; up to £1million to farming help charities; and £2 million for the promotion of lamb, beef and pork both domestically and in our export markets.

## **Animal Welfare**

### **Poultry**

After two years of negotiations, a new EU Directive laying down welfare rules for meat chickens was agreed (it comes into force in June 2010). The Directive is a package of measures for improving meat chicken welfare. It sets conditions for the keeping of meat chickens for intensive production from the time chicks are brought to production sites, until they leave for slaughter.

In addition we introduced the Welfare of Animals (Slaughter or Killing) (Amendment) (England) Regulations 2007 (these permit the killing of birds by exposure to gas outside a slaughterhouse).

### **Transport**

EU Regulation 1/2005 on the protection of animals during transport came into force on 5 January 2007.

### **The Animal Welfare Act**

The Animal Welfare Act came into force in April 2007. Initial feedback from key stakeholders is that the new law is working well. The introduction of the duty of care has encouraged those responsible for animals to work constructively with welfare agencies to raise standards where necessary. The early indication is that, as a result, fewer cases are ending up in court.

### **The Animal Welfare Delivery Strategy**

The *Animal Welfare Delivery Strategy*<sup>74</sup> published in October 2007 reinforces the Government's commitment to high animal welfare standards and sets out in detail the goals we are seeking to achieve.

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<sup>74</sup> <http://www.defra.gov.uk/animalh/ahws/pdf/awdelivery-strategy.pdf>



### International Activity

We have contributed to several animal welfare initiatives to develop and implement welfare standards, such as research on long distance transport of pigs in hot weather and the training of state veterinarians in Bulgaria, Romania and Croatia on humane methods of killing animals for disease control, including poultry for highly pathogenic avian influenza.

### The Farm Animal Welfare Council

The Farm Animal Welfare Council (FAWC) published a report on *Stockmanship and Farm Animal Welfare*, which offered Council's views on the value of good stockmanship. Work continued on reports in the areas of slaughter of white meat species and castration and tail docking in lambs and towards a long term strategy for farm animal welfare.

Chapter 7:  
Strong rural communities





## HIGHLIGHTS DURING 2007-2008

The second and final year of the Rural Social and Community Programme provided 47 sub-regional partnerships with a further £9 million to deliver the business plans agreed with Defra at the Programme's commencement. For 28 of those partnerships, the funding for 2007-08 was incorporated into Local Area Agreements.

Significant progress has been made in taking forward the key recommendations of the Affordable Rural Housing Commission.

2007-08 was the first full year of the Commission for Rural Community's existence as an independent, non-departmental public body. Defra saw the publication of a wide range of advice to Government on matters of concern for rural communities.

Significant developments during 2007-08 included the further development of the Regional Rural Affairs Forum Chairs Group to represent the rural voice to Ministers.

In September 2007, new guidance 'Ways to tackle climate change: Parish and town councils - Act on CO2' was produced aimed at helping rural communities mitigate the impact of climate change.

Work concluded on the Rural Delivery Pathfinder Programme. Eight local authorities explored and tested practical ways of improving rural delivery at a local level. Launched in February, the final Pathfinder report 'Rural challenges, local solutions' highlighted specific programme outcomes and included recommendations for further action at national, regional and local levels.

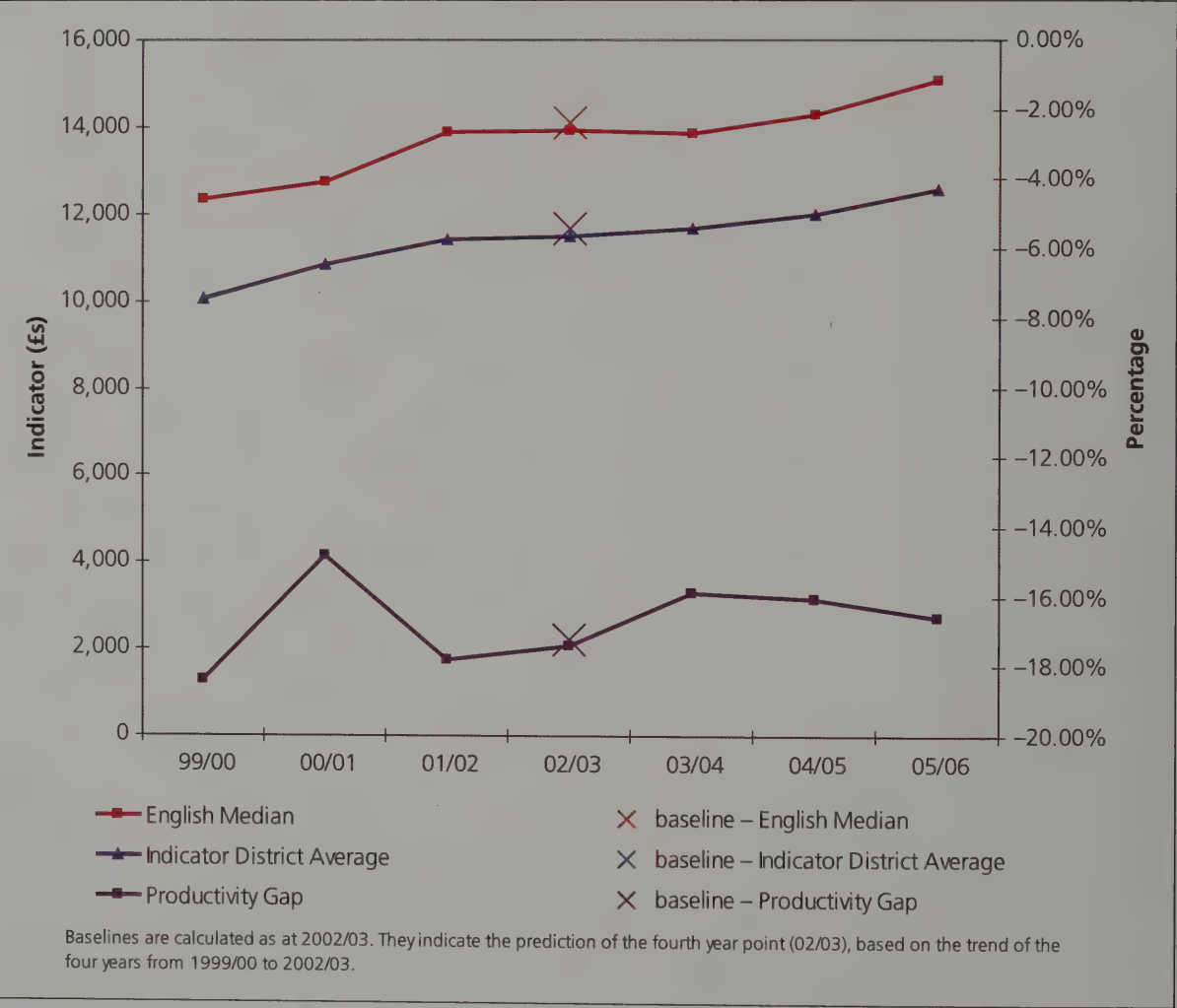


## Assessment of progress made against Public Service Agreement Targets

### Public Service Agreement target 4: Enhancing opportunity in rural England

Reduce the gap in productivity between the least well performing quartile of rural areas and the English Median by 2008, demonstrating progress by 2006 and improve the accessibility of services for people in rural areas.

Figure 14: Productivity of rural areas



There has not been a significant increase or decrease in the productivity gap, as measured by average income multiplied by employment rate, between baseline and 2005-06<sup>75</sup>.

<sup>75</sup> The gap between the indicator district median and the English median has decreased by 0.6 per cent between the baseline and 2005-06 (the latest point for which data are available). The reduction in the productivity gap is not statistically significant and cannot be said to represent a genuine change since baseline.

This measure alone is insufficient to provide an adequate assessment of performance in rural areas. This is why Defra also tracks the progress of a number of 'intermediary' indicators. These focus on economic trends and productivity drivers which are likely to influence productivity in rural areas<sup>76</sup>.

On aggregate, the performance of the economy in rural areas is comparable to performance in urban areas. In general, rural areas face similar challenges to urban areas. This is why Defra are increasingly focused on the effective delivery of mainstream support services in rural areas. However, there are rural areas where economic performance is below average and prospects for growth are more limited due to a number of characteristics: distance from economic mass (urban areas); sparse populations and associated low densities of businesses and thin labour markets. In other words, the inherent characteristics of local areas play an important role in their potential for growth.

### Access to services in rural areas

In the current Spending Review period (2005-08), Defra identified five main themes where improvements for rural areas were considered a priority, given the limited evidence base available to us at that time: health, education and skills, work and pensions, transport, and housing. Indicators of progress were selected for each theme. Data availability allows progress to be reported against three sub-targets.

To reduce the waiting times for drug treatment<sup>77</sup> from initial assessment to structured treatment and to increase the over-12 week retention rates<sup>78</sup> in rural areas by 2008:

- waiting times in all areas have fallen, at a roughly consistent rate;
- for England they have reduced from 4.3 to 2.9 weeks, for rural areas from 4.8 to 3.6 weeks;
- thus whilst rates in rural areas are still slightly higher than England as a whole they are moving in line with England in a positive direction;
- retention rates in England have stayed constant at 76 per cent. In rural areas, however, they have fallen from 80 per cent to 77 per cent. This represents 3,600 out of a possible 4,700 people staying in treatment for longer than 12 weeks in 2005-06, compared to 3,300 out of 4,100 in 2004-05. This is not in line with the target of increasing the over-12 week retention rates in rural areas – however it remains above the level for England as a whole.

<sup>76</sup> The latest data available are shown on Defra's website: <http://www.defra.gov.uk/rural/pdfs/research/PSA4int-indicators.pdf>

<sup>77</sup> Structured treatment that aims to stabilise, reduce or eliminate drug misuse and/or dependence, whilst also minimising the adverse criminal and health effects of drug misuse. Drug treatment programmes also aim to rehabilitate the misusers into society.

<sup>78</sup> The NHS National Treatment Agency define the retention rate as 'the percentage of clients/patients discharged during the year 1 April to 31 March, who were retained in treatment for a continuous period of 12 weeks or more, measured from the date of triage to the date of discharge.'

To increase the employment rates in rural areas for the following groups by 2008 compared to 2004: all rural people, ethnic minorities, people with no/low qualifications, lone parents, poor wards (wards in the Department for Communities and Local Government (CLG's) PSA1 areas):

- the data shows that for all groups, rural employment rates are slightly higher than the English average, although this gap is least prominent in poor wards;
- however, within rural areas, there has been a slight fall in employment rates for all people, people with no/low qualifications and lone parents, whilst there has been a slight increase for the other two groups. These trends are in line with the national averages;

To increase the uptake of pension credit in rural parts of PSA4 indicator districts by 2008 compared to 2004:

- In 2007, the rate of take up in rural parts of PSA indicator districts is 19.9 per cent of pensioners. In 2004, our baseline, the figure was 19.4 per cent;
- the uptake varies between different rural areas – over 22 per cent in rural town and fringe areas (both sparse and less sparse) compared to between 16 and 18 per cent in sparse and less sparse rural village and dispersed areas respectively; and
- the uptake in all rural areas is 17 per cent of pensioners, compared to 24 per cent in urban areas and 22 per cent nationally.

## Next Steps:

### Strong rural communities

Defra recognises that the indicators measured under PSA4 paint only a limited and partial picture of the diverse range of outcomes and experiences in rural areas. The PSA4 indicators were developed from the limited evidence base available to us in 2004. However, since this time, Defra has learnt a great deal about rural areas and significant progress has been made in developing a robust rural evidence base. Our Strong Rural Communities Programme sets out a vision for rural areas which builds upon this improved evidence base and upon the increasingly sophisticated and complex picture of rural areas that emerges from it.

The Government is working to create thriving, vibrant, sustainable communities which will improve everyone's quality of life. Strong sustainable communities are places where people want to live and work, now and in the future. They meet the diverse needs of existing and future residents, are sensitive to their environment, and contribute to a high quality of life. They are safe and inclusive, well planned, built and run, and offer equality of opportunity and good services for all.

A strong rural community is created by the people who live in it and is reinforced by its diversity and the extent to which all members of it share a sense of place.



The Government has a part to play in ensuring that such communities have:

- decent homes at prices people can afford;
- good education opportunities;
- good health outcomes;
- access to employment and business opportunities;
- a safe environment;
- a high quality and accessible natural environment;
- the ability to have a say on the way their community is run; and
- support to address the impacts of macroeconomic change, that no individual community can be expected to address in isolation.

The needs of rural people are the same as those of people living in inner cities and suburban areas. Defra does not seek better outcomes for rural people than those enjoyed by people living in non-rural areas. Defra seeks equity and fairness for rural people. For that reason, those needs are largely addressed by the same parts of the public sector that work for all of us. It is the challenges posed by geography and demography that create the need for particular focus by the Government to help rural communities to achieve strength. Rural communities and businesses rightly expect Defra to ensure that things like remoteness and the dispersed nature of rural disadvantage do not lead to any part of Government overlooking, or choosing to ignore, their problems.

### **Developing the Rural Evidence Base**

Defra has a key role in assessing and communicating the impact of the Government's policies in rural areas and seeking to influence them where there is a genuine rural delivery challenge. Defra cannot undertake any of these activities without good evidence. This requires us to work in partnership with other Government Departments and others, to develop a rural analysis of key issues affecting rural and other areas. Such work helps us to support our partners across government to better understand the rural impacts of their policies.

Defra now has a robust (and nationally agreed) definition of what we mean by 'rural' which allows statistics to be considered consistently across a range of indicators of social and economic indicators at an appropriate level. Over the past year, many more datasets have become available at this finer level of definition, allowing us to build up a better understanding of what is happening in rural areas.

## Performance during 2007-2008

### Commission for Rural Communities

This has been the first full year of the Commission for Rural Communities' (CRC) existence as an independent, non-departmental public body. The CRC was set up in October 2006 as a small, expert body to act as rural advocate, watchdog and expert adviser. In this capacity, it exists:

- to provide strong and impartial advice to Government on rural issues;
- to represent the voice of rural people and communities, particularly those experiencing disadvantage; and
- to monitor the way in which rural interests are reflected in national, regional and local policy-making.

The CRC's chair has also been designated Rural Advocate by the Prime Minister.

Over the year, the CRC pursued a range of cross cutting and thematic programmes. The cross cutting programmes covered the CRC's rural advocacy and rural proofing functions. In addition, a 21<sup>st</sup> century Rural England programme was designed to articulate the current condition and direction of change across rural England. It helped build a broad vision for the future for England's rural communities. The policy programmes covered areas such as social justice, sustainable communities, access to services, rural economies, rural governance, and the relationship between rural communities and the land.

The CRC published a number of reports over the year. As well as regular publications such as the State of the Countryside report and Rural Advocate's Report,<sup>79</sup> a number of specific reports provided advice to Government and others on issues including affordable rural housing, migrant workers, access to services, and local representation.

### Strengthening the rural voice

The Rural Strategy 2004 committed Defra to ensuring that there is a 'strong rural voice, listened to by Ministers'. Defra continuously works to maintain and improve its relationships with a wide range of rural stakeholders. Significant developments during 2007-08 included the emergence of the Regional Rural Affairs Forum Chairs Group as a more formalised entity. This Group brings together the expertise and perspectives of the chairs of the 8 Regional Rural Affairs Forums. It builds upon their regular meetings with the Rural Affairs Minister to provide an informed and constructive contribution to rural policy-making and delivery. Defra is now encouraging the Forum chairs and the Commission for Rural Communities to work more closely together to maximise their influence for rural people and communities.

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<sup>79</sup> The Commission for Rural Communities Website: <http://www.ruralcommunities.gov.uk/>  
 State of the Countryside Report: <http://www.ruralcommunities.gov.uk/projects/stateofthecountryside/overview>  
 Rural Advocate's Report: <http://www.ruralcommunities.gov.uk/publications/ruraladvocatereport2007>

## Rural Social and Community Programme

The second and final year of the Rural Social and Community Programme (RSCP) provided 47 sub-regional partnerships with a further £9 million to deliver the business plans agreed with Defra at the Programme's commencement. A major development was the incorporation of the funding for 2007-08 into 28 Local Area Agreements (LAAs). Just a handful of partnerships opted for pooling their funding in LAAs in 2006-07. The £9 million was used to fund a wide range of local projects to address issues such as affordable housing, community cohesion, migrant worker support, improved use of community facilities, community planning and the development of social enterprises. In addition to the £9 million, the RSCP provided more than £3.5 million to England's Rural Community Councils to represent and address the needs of rural communities.

## Affordable Rural Housing

Significant progress has been made in taking forward the key recommendations of the Affordable Rural Housing Commission. In particular, changes to the planning system through Planning Policy Statement 3 (PPS3). Defra and Department for Communities and Local Government (CLG) worked together closely to ensure that PPS3 appropriately reflects the needs of rural communities. The outcome is a positive development in planning policy which will better reflect the needs of sustainable communities in both rural and urban areas. It has been welcomed by those with a rural housing interest.

In May 2007, CLG requested the Housing Corporation establish a Rural Housing Advisory Group. This was both in order to drive forward the rural housing agenda and to provide a constructive means of engagement with key stakeholders. CLG, Defra and CRC are all engaged with this group.

## Rural Stress Action Plan

2007-08 saw the delivery of the final £300,000 tranche of funding for Rural Stress Action Plan projects. The Institute of Rural Health led the delivery of a wide range of capacity building and pilot projects. These were aimed at improving access to support for mental health and well-being services; and tackling social and psychological isolation.

## Working with other departments

To achieve strength and sustainability, rural communities depend on effective policies and programmes designed and delivered by a wide range of government departments. Our work over the year has helped us to put in place new and strengthened professional relationships with a number of departments for the new Comprehensive Spending Review period (2008-11). It has also helped those departments to improve their appreciation of the factors that may determine the effectiveness of their policies and programmes in rural parts of England.



The tangible products of our work with other government departments included a wide range of guidance documents and policy statements that consider the circumstances and needs of rural communities. The scope of that rural proofing work extended across all parts of the government's business, including community empowerment, educational reform, transport infrastructure, economic development and housing.

### **Working with local government**

Work concluded in 2007-08 on the rural delivery pathfinder programme. Eight local authorities explored and tested practical ways of improving rural delivery at a local level. The programme led to a better understanding of the context and constraints of delivery in rural areas. It also resulted in a stronger voice for local authorities in negotiating with regional and national agencies. Actions and outcomes are being embedded in local delivery plans. In addition, the main messages coming out of the programme and recommendations for further action at national, regional and local levels, are available in the national Pathfinder report *Rural challenges, local solutions* published in February 2008<sup>80</sup>. The report was published to coincide with the Local Government Association's Improvement Conference on 27 and 28 February 2008.

### **Rural Development Programme for England**

The EU-funded programme for rural development is discussed in depth in Chapter 5 'Securing a healthy natural environment'. The social and economic elements of the Rural Development Programme for England (RDPE) 2007-13 will be delivered by the Regional Development Agencies (RDAs). £600 million will be available over the life of the programme. There is a substantial increase compared with the support available under its predecessor, the England Rural Development Programme 2000-06.

Each RDA has worked with regional partners to agree objectives and priorities for the socio-economic measures available for funding under the programme. These priorities are set out in individual Regional Implementation Plans. The RDAs are looking to integrate and align the support provided under RDPE with other public investment to maximise the opportunities and effectiveness of public sector support in rural areas. The RDAs will enable community involvement in rural development through the use of the Leader approach as a delivery mechanism for RDPE social and economic objectives. Leader is not a stand-alone programme (like the old LEADER+) but a 'bottom up' approach to delivery in rural areas, which works through the empowerment of Local Action Groups. Local Action Groups will deliver a range of Programme objectives, and help achieve integration across the Programme's objectives. The Leader approach will be used in rural areas with particular needs or priorities, as identified by regions in their Regional Implementation Plans.

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<sup>80</sup> <http://www.defra.gov.uk/rural/ruraldelivery/pathfinders/default.htm> with report available at <http://www.defra.gov.uk/rural/pdfs/pathfinders/rcsl-report.pdf>

## Rural communities and climate change

The Rural Climate Change Forum provides a high level forum for dialogue with Government, and authoritative advice and leadership for rural stakeholders, on climate change and rural land management. Over the year, it has helped to build a better understanding of what farmers and land managers can do to help mitigate, and adapt to, the impacts of climate change.

In September 2007, the publication of *Ways to tackle climate change*<sup>81</sup>: (*Parish and town councils – Act on CO<sub>2</sub>*) provided a new, simple resource for rural communities and local councils keen to find ways to contribute locally to the mitigation of the effects of climate change. The booklet contains practical ideas and contact details, along with case studies covering the steps some rural communities have already taken to reduce their carbon footprint. The booklet has been received positively and a number of communities have approached Defra to share with us their future plans.

## Responding to emergencies

The implications of the summer flooding and animal disease outbreaks during the year prompted the creation of a new rural stakeholders group. Based on the lessons of previous animal disease outbreaks since 2001, the group worked via email communications to highlight the economic impact of the various emergencies at the local level. Defra sent regular bulletins and newsletters to stakeholders, tailored to their interests and needs. Feedback from the group was fed into various reviews commissioned following the emergencies.

In addition, on 8 October, Secretary of State, Hilary Benn announced a £1 million grant to Farming Help rural charities to help mitigate the impact of animal diseases and flooding on farmers and rural communities. The Prime Minister tasked the Rural Advocate with reporting on the impact of these emergencies on the rural economy.

## Factors affecting performance during 2007-2008

### From PSA4 to Strong Rural Communities

As Defra has developed the evidence base, and our understanding of the issues faced by people in rural areas has been enhanced, the design of this Public Service Agreement target was found not to be effective in addressing our sustainable rural communities objectives. That is why Defra has developed a new Departmental Strategic Objective (DSO) focusing on the outcomes Defra would expect to see delivered in Strong Rural Communities.

<sup>81</sup> <http://www.defra.gov.uk/environment/climatechange/uk/publicsector/parish/index.htm>

## Looking Forward to 2008-2009

### Delivering the outcomes of the Comprehensive Spending Review

Rural areas are performing well, in the vast majority of cases on a par with, or better than, urban areas. Proportionately fewer rural people live in poverty, whether they are children, pensioners or people of working age. Fewer are victims of crime. Proportionally more people in rural areas are employed than in urban areas.

However, there are still significant absolute numbers of disadvantaged individuals living in rural areas. And, whilst rural areas perform relatively well on average, there are distinctive local and regional aspects to the delivery of policy outcomes. It is therefore important that mainstream policy and delivery effectively meets the needs of the most vulnerable rural residents. This can best be done by working with other government departments which deliver the funding and develop the policies.

That is why, looking forward, Defra has developed our *Strong Rural Communities* DSO.

This will be measured against two intermediate outcomes:

- the evidenced needs of rural people and communities are addressed through mainstream public policy and delivery; and
- economic growth is supported in rural areas with the lowest levels of performance.

### Mainstreaming at the Local Level

Mainstreaming at the local level is the major factor in influencing rural communities' day-to-day experience of Government policy and delivery. This is particularly important in the context of an increasingly devolutionary policy environment. The 'places agenda' led by CLG has established the infrastructure, governance and accountability needed for local areas to identify and respond to local priorities. This is about developing a strategic vision that will balance the diverse needs of a wide range of communities. That is why Defra has worked closely with CLG to ensure that the guidance on LAAs to both Local Strategic Partnerships; and to Government Offices in their challenge role reflects the requirement to evaluate rural needs as part of this process. It is also why Defra have made a commitment to provide support for Rural Community Councils throughout the coming CSR period. One of the key outcomes Defra will be expecting is that there is at least one strong rural voice at the table when those key strategic discussions are taking place.

### Mainstreaming at the regional level

The Government Offices have worked across Departmental agendas to ensure that rural interests are addressed through all relevant policy development and delivery activities. They have a specific role in ensuring that the rural dimension has been considered before they agree to sign-off any local area agreement. The RDAs have an explicit statutory obligation to mainstream rural within their activities. In order to support and



amplify these mainstream structures Government has established 8 Regional Rural Affairs Forums (RRAFs). They act as the Government's eyes and ears, feeding the views and concerns of rural people, communities and businesses into the Government Offices, Ministerial meetings and The Commission for Rural Communities (CRC).

### **Mainstreaming at the national level**

This aims to ensure that national policy is flexible in response to local circumstance, which can rarely be simplistically characterised as 'rural' or indeed 'urban'. It means creating a policy framework which enables decisions to be taken closer to the customer by locally empowered people. But it also involves departments working more closely together at the national level to address issues, like disadvantage, that cut across many departmental agendas and utilising an urban/rural perspective to ensure that policy is based on the evidence. The CRC are the national body with responsibility for acting as an advocate for rural communities on the issues that concern them and equally acting as an advisor to policy makers and delivery bodies at all levels – national, regional and local. Where policy makers fail to heed this advice the CRC have a watchdog role – addressing poor performance through their annual rural proofing report and ongoing activities.

### **Supporting the Commission for Rural Communities**

Defra have worked closely with the Commission for Rural Communities (CRC) throughout the year. An important development has been the Commission's agreement to take on the management of the National Rural Network for the 2007-2013 Rural Development Programme for England.

Going forward, subject to agreement with Defra on the details of its Corporate Plan, the Commission proposes to brigade its work under four broad headings: Rural services; Rural economies; Representation and decision-making.

The Commission will also work on new ways of reaching people across rural England and collaborate more closely with other representative organisations, including the regional Rural Affairs Fora and the Rural Community Councils.

Alongside that, the Rural Advocate has stated that his focus will be on: Climate change; Land use, Hill farming communities; Enterprise and innovation.

### **Supporting Rural Community Councils**

Over the three years from 1 April 2008, Defra will continue to provide £3.5 million a year for the network of England's Rural Community Councils (RCCs). Our grant will ensure that RCCs across England are able to work with local authorities, regional bodies and central government so that the needs of rural communities are understood and addressed at the local, regional and national levels.

The grant will give us confidence that:

- the longer-term financial sustainability of the RCC network will be enhanced;
- all parts of rural England will continue to be served by the RCC network;
- the work of the RCC network will complement that of the CRC;
- the funding will be used in ways that ensure the representation of rural community needs in the development of sub-regional and regional strategies that have, or should have, a significant impact on disadvantaged people in rural communities – including Local Area Agreements, Sustainable Community Strategies and the forthcoming single Regional Strategies;
- RCCs will continue to play a pivotal role in promoting and assisting behaviour changes in rural areas that contribute to the Government's climate change agenda;
- RCCs' activities will support the delivery in rural areas of the Government's new Public Service Agreements, especially those covering 'fairness and opportunity for all' and 'stronger communities and a better quality of life'; and
- RCCs will continue to provide guidance and other assistance to organisations, including local authorities and other third sector bodies, on community planning and other community development in rural areas.

Action for Communities in Rural England (ACRE) will, on behalf of the network, continue to provide expert policy advice to Government departments and agencies when called upon to do so. Capacitybuilders, a non-departmental public body established to improve the performance of third sector organisations, has been engaged to evaluate this new funding programme.

### **Affordable rural housing**

In September, the Prime Minister asked Matthew Taylor, MP for Truro and St Austell, to conduct a review of how land use and planning can better support rural business and deliver affordable housing. Matthew Taylor will report jointly to Defra and CLG in July 2008.

Many rural communities are faced by a combination of higher than average house prices and lower than average local wages. This can create challenges for individual families, the local economy and the wider sustainability of the community. Matthew Taylor is exploring how these issues can be addressed – within the context of existing policies to promote sustainable development – through the application of land use and planning policy.

In particular, the following issues are being looked at:

- the identification and release of appropriate land for local economic development and affordable rural housing provision, working in conjunction with local government, parish councils and land owners;
- investigating the potential for increasing the provision of live/work space within rural communities; and
- assessing the local implementation of new planning rules on rural housing following the recommendations of the Affordable Rural Housing Commission.

The review will advise and assist Government and will report to the Minister of State for Housing and the Secretary of State for the Environment, Food and Rural Affairs.



**Chapter 8:**  
Preparing for emergencies



## HIGHLIGHTS DURING 2007-2008

In 2007 the Department dealt with:

- outbreaks of Foot and Mouth disease;
- outbreaks of Avian Influenza;
- outbreaks of Bluetongue;
- two serious flooding events;
- a major loss of water supply; and
- the threat of severe tidal flooding on the East Coast.

At the October meeting of the Department's Contingency Planning Board the Head of the Civil Contingencies Secretariat (Cabinet Office) recognised that Defra had the planning in place to mount an effective response to emergencies and to sustain that response.

A new Exotic Disease Policy programme was initiated in April 2007.

## Contingency planning in Defra

Contingency planning covers two main areas:

- emergency planning to address disruptive events which impact on the Department's policy responsibilities, such as animal and plant diseases, water supplies and flooding; and
- business continuity planning to ensure that the Department would be able to carry out its essential business activities in the face of serious disruption to its staff or infrastructure, such as an influenza pandemic, fire or IT failure.

The Minister for Sustainable Food and Farming and Animal Health champions contingency planning in the Department. The programme is overseen by Defra's Contingency Planning Board which is chaired by the Director General (Service Transformation). Chapter 9 of *Defra's Five Year Strategy*<sup>82</sup> committed the Department to reviewing and testing its emergency planning arrangements by March 2007. To address this a two year Strategy for Contingency Planning in Defra was agreed in 2005. By March 2007 good progress had been made and the Department's emergency and business continuity planning had improved in a number of areas. However, not all targets set by the Strategy were achieved so a new two-year Phase 2 Strategy was agreed in June 2007 to address remaining gaps and to test and strengthen existing plans. This Strategy has been revised and re-issued to reflect the lessons learnt from the animal disease outbreaks and flooding events in the summer of 2007. The Contingency Planning Board oversees the Strategy.

The Departmental Strategic Objectives, agreed under the 2007 Comprehensive Spending Review Performance Framework, address emergency planning in two areas:

- **Strategic Objective:** Economy and society resilient to environmental risk and adapted to the impacts of climate change;
- **Intermediate Outcome:** Protection of the economy, human health and ecosystems from environmental risk and emergencies;
- **Strategic Objective:** A respected department delivering efficient and high quality services and outcomes; and
- **Intermediate Outcome:** Defra prepared to deal swiftly and efficiently with emergencies in all its areas of responsibility.

The Phase 2 Strategy has been drafted to see that planning and training are in place to address these Intermediate Outcomes.

Over the past year our emergency plans have been reviewed and several have been tested in exercises and real emergencies. Staff and the emergencies teams have acquitted themselves with professionalism, hard work and dedication, and the plans have been shown to be robust, although lessons have been learnt and the plans strengthened accordingly. All in all, the Department has been shown to be responsive, resilient and flexible in the face of the year's emergencies.

<sup>82</sup> <http://www.defra.gov.uk/corporate/5year-strategy/5year-strategy.pdf>



This steady improvement has been achieved as a result of a programme aimed at developing contingency planning capabilities within Defra as set out in the 2005 and now the 2007 Contingency Planning Strategy. There will always be lessons to be learnt from emergencies and exercises, and plans will need to be amended accordingly. In addition, emergency plans will need to be matched to the changes in Defra's size, structure and culture as a result of the Renew programme, the introduction of Smart Working and flexible staff resourcing.

Work on business continuity and disaster recovery planning has continued and further exercises have been held to familiarise managers with the approach and to validate their plans. As a result of the changing shape of Defra under the Renew programme, most of the core Department will have to update business continuity plans. With this in mind Defra are reviewing our guidance so that planning is less prescriptive and therefore lends itself to Defra's new flexible management structures.

Looking ahead, work will continue to enhance contingency planning capabilities, expertise and resilience throughout the Department in line with the 2007 Strategy for Contingency Planning in Defra. Plans will need to be adapted to work within the new Departmental structures and resources. Lists of key contacts and emergency planning staff will be maintained so that the department can continue to mount a response 24 hours a day, 365 days a year. And, on training, the new Central Government Resilience Training courses (which Defra initiated and which are now being rolled out by the Cabinet Office) are being promoted throughout the emergency planning community in the Department.

## **Performance during 2007–2008**

### **Exotic animal diseases**

Defra continues to ensure that its policies and operational capabilities are kept up to date and are ready for controlling and managing outbreaks of exotic animal disease.

A new Exotic Disease Policy programme was initiated in April 2007 in order to reduce the likelihood and impact of exotic disease outbreaks. A key benefit of the programme will be better value for money, with Government and industry buying more risk reduction for every pound spent. The programme is scheduled to deliver its outcomes by the end of the 2010-11 financial year. The programme was temporarily paused on 3 August to redirect resources onto the Government's response to the Foot and Mouth Disease (FMD), Bluetongue and Avian Influenza outbreaks, and was recommenced early in 2008 taking account of the year's experiences.

In 2007, Defra completed a review of its policies aimed at preventing rabies entering the UK through an imported animal. In the event the European Commission's review was delayed and it did not make a recommendation for a future regime. However, it submitted a proposal to the Council and European Parliament for a regulation to extend the transitional derogations for the UK and other countries until 31 August 2009. The proposal is likely to be adopted, in a slightly modified form, before the end of June 2008.

## Responding to exotic disease outbreaks

Defra's exotic disease contingency plan was put into action a number of times during 2007-08:

### Avian Influenza

During 2007-08, two outbreaks of Avian Influenza were confirmed in England. Avian Influenza viruses can be classified according to their ability to cause severe disease (pathogenicity) as either highly pathogenic or low pathogenic. Highly pathogenic avian influenza viruses (HPAI) can cause severe disease in susceptible birds. Low pathogenic avian influenza viruses (LPAI) generally cause mild disease or no disease at all.

On 7 June 2007, tests provided positive results for low pathogenic H7 Avian Influenza in poultry on a non-commercial small holding near St Helens, Merseyside. Birds at the holding were purchased from the same market associated with an earlier outbreak in Corwen, Conwy, North Wales. The birds were slaughtered. On 3 July, all restrictions around the premises were lifted.

On 12 November, highly pathogenic H5N1 Avian Influenza was confirmed in turkeys on a premises near Diss in Suffolk. On 19 November, a second set of premises was declared to have been infected. All birds on the premises were slaughtered and restrictions around the Infected Premises were lifted on 19 December. The preliminary report of the epidemiological investigation into the source of the outbreak was published on 29 November<sup>83</sup>.

In addition, an incursion of highly pathogenic H5N1 Avian Influenza in wild birds occurred in Dorset in January 2008. This incursion amounted to only 10 wild mute swans and 1 Canada goose, representing a very low level of infection of the wild bird population. A 3 kilometre Wild Bird Control Area and a 10 kilometre Wild Bird Monitoring Area were established around the location, taking into account the location of local bird reserves and the presence of wild bird populations along the Dorset coastline towards Portland Bill. Extensive investigations in the Control Area revealed no evidence of clinical disease in domestic birds. No culling of wild birds occurred. The Control Area was revoked on 5 March, and the remaining Monitoring Area and associated disease control restrictions were lifted on 27 March.

### Foot and Mouth Disease

On 3 August 2007, Foot and Mouth Disease (FMD) was confirmed on a farm premises in Surrey. FMD is an acute infectious disease, which causes fever, followed by the development of vesicles (blisters) – chiefly in the mouth and on the feet. The disease is caused by a virus of which there are several 'types', distinguishable only in the laboratory. FMD is probably more infectious than any other disease affecting humans or animals and spreads rapidly if uncontrolled. Among farm stock, cattle, sheep, pigs, goats and deer are susceptible. Elephants, hedgehogs, rats and any wild cloven-footed animals can also contract it.

<sup>83</sup> [www.defra.gov.uk/animalh/diseases/notifiable/disease/ai/pdf/ai-prelim-epireport/1129.pdf](http://www.defra.gov.uk/animalh/diseases/notifiable/disease/ai/pdf/ai-prelim-epireport/1129.pdf).

Defra's contingency plan was implemented and a national movement ban was put in place immediately. A total of 8 Infected Premises were identified, with the last one confirmed on 30 September. Very early in the outbreak, Defra established a Core Group of stakeholders, and worked closely with this Group to agree how movement restrictions should be eased to facilitate the resumption of trade; throughout the outbreak the Core Group worked closely with Defra to develop joint industry-government proposals.

Epidemiological studies were carried out to determine how the disease spread between these premises. These investigations ruled out a range of potential causes of the outbreak and concluded that the most likely cause was the escape and subsequent transmission of live virus from the Pirbright site, housing the Institute of Animal Health and Merial.

Defra's top priority was to contain the outbreak effectively. Based on the epidemiological studies<sup>84</sup> and veterinary risk assessments, movement restrictions were gradually eased in areas of Great Britain not affected by the outbreak.

A number of reviews have been conducted both during and since the FMD outbreak: Professor Brian Spratt led a team of experts in a review of biosecurity arrangements at the Pirbright site and Sir Bill Callaghan was commissioned to review the regulatory framework for facilities holding animal pathogens. This review was published on 13 December. The Government has welcomed this report and is implementing its recommendations.

Dr Iain Anderson, who conducted the inquiry after the 2001 Foot and Mouth outbreak, was asked by the Prime Minister and Secretary of State to look at the Government's response to this latest outbreak, with the final report and recommendations from this review published on 11 March 2008<sup>85</sup>. The Government has welcomed the report and is considering its recommendations.

## Bluetongue

Bluetongue (BT) is a virus spread by midges which affects all ruminants, such as cattle, sheep, goats and deer. It is globally one of the most economically important diseases of livestock. The disease is difficult to control and eradicate, and control measures such as movement restrictions are potentially economically damaging to the farming industry.

Defra's strategic objective is to work in close partnership with stakeholders to minimise the economic impact and spread of the disease, and Defra's Bluetongue Control Strategy was developed jointly with industry during the early months of 2007.

Following the resurgence of Bluetongue on the Continent during the summer, Defra anticipated the increased risk that the disease could spread to the UK; Defra worked on disease forecasting with the Institute of Animal Health at Pirbright and also put together a Core Group of stakeholders to develop the Strategy, so that all were prepared in the event of an outbreak.

<sup>84</sup> [www.defra.gov.uk/animalh/diseases/fmd/pdf/epidreport300907.pdf](http://www.defra.gov.uk/animalh/diseases/fmd/pdf/epidreport300907.pdf)

<sup>85</sup> <http://www.defra.gov.uk/news/2008/080311a.htm>



On 22 September, laboratory tests started to show the presence of Bluetongue in a number of animals on several different premises in South East England. Defra confirmed on 28 September the circulation of Bluetongue disease in the UK between the local animal and midge population in East Anglia. The disease was later confirmed in other parts of South-East England. Surveillance and Protection Zones were established and extended where necessary.

On 30 October, Defra published the first epidemiology report into the Bluetongue outbreak, based on the situation up to 19 October. The report<sup>86</sup> concluded that the infection was likely to have been initially introduced into Norfolk, Suffolk and Essex on the night of 4-5 August by windborne transmission of infected midges from continental Europe.

Bluetongue is a very different disease from other notifiable diseases such as Foot and Mouth Disease and requires a different sort of control strategy. In line with phase 1 of the Bluetongue Control Strategy, Defra remains committed to containing disease within the current restricted areas. This is achieved through rigorous controls in the very early stages of an incursion.

On 19 December, Defra announced that it had placed a firm order with pharmaceutical company Intervet to supply 22.5 million doses of Bluetongue vaccine. This followed a detailed assessment of the three bids submitted during a tender process. In February 2008, Defra published a UK vaccination strategy, which had been developed with the Core Group of industry stakeholders and agreed with the Devolved Administrations. Vaccination is expected to begin within the Protection Zone in England in May 2008, and to be rolled out, as the Protection Zone expands, county by county.

All of these outbreaks tested the contingency plans and capability to respond of Defra and its main delivery agent, Animal Health, working with operational partners including the Health Protection Agency, Local Authorities and the livestock and poultry industries. Our experiences and lessons learned are being fed into operational arrangements and contingency plans.

### **Flooding: inland flooding and flooding from the sea**

Defra is the Lead Government Department for flooding in England. 2007 saw severe flooding. Unprecedented rainfall levels in June and July came on top of a wet May, causing widespread flooding as drainage systems and rivers were overwhelmed, very regrettably being linked to the deaths of 13 people. 47,000 households and 7,000 businesses were flooded and essential services disrupted including a major loss of drinking water in Gloucestershire.

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<sup>86</sup> [www.defra.gov.uk/animalh/diseases/notifiable/bluetongue/pdf/epidemiology-report301007.pdf](http://www.defra.gov.uk/animalh/diseases/notifiable/bluetongue/pdf/epidemiology-report301007.pdf)

Local emergency plans were put into place with the response to the flooding co-ordinated by the police while Local Authorities led in supporting affected communities. At national level, Defra operated its Lead Government Department role in dealing with the flooding and its impacts while the Department for Communities and Local Government led the cross-Government recovery effort which was supported by funding of up to £88 million.

In August 2007 Sir Michael Pitt was appointed to chair an independent review of the floods. This interim report was published in December 2007.

The report recognised the commitment of Defra in leading the Central Government response. It does, however, contain 15 Urgent Recommendations directed at Government, local organisations, the private sector and the public which relate particularly to monitoring of specific flood risks, better information sharing and the practicalities of emergency response. It also contains 72 Interim Conclusions on which Sir Michael sought comments to help inform his final report, which is expected in summer 2008. The interim report was welcomed by the Secretary of State who said that the Government agreed with all of Sir Michael's Urgent Recommendations and would work with others in taking them forward as quickly as possible. Further, Defra would work on those Interim Conclusions relevant to Government.

In December it was agreed that The Pitt Review will include the recovery arrangements that were made following the summer floods; to address this, Sir Michael published a further chapter to his interim report on 4 March which added a further 20 Interim Conclusions on the recovery phase. The work on recovery is being led by the Department for Communities and Local Government.

An Urgent Recommendation from Sir Michael's Interim Report that is addressed to Defra is the need to develop and share a National Flood Emergency Framework. Defra agrees that this would be beneficial and work is in hand. In the meantime Defra has thoroughly revised and reissued its Lead Government Department Plan for flooding<sup>87</sup>, to set out more clearly the role Defra will play in serious flooding and the roles of all other organisations involved in flooding.

November saw the risk of serious flooding from the sea on the east coast due to a strong tidal surge. The lessons immediately identified from the summer floods were applied to the management of this event and Sir Michael's Interim Report acknowledged the response at all levels to what might have been a much more serious event than actually happened. Flooding from the sea remains the biggest flooding risk that the country faces.

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<sup>87</sup> <http://www.defra.gov.uk/enviro/fcd/floodincidents/ldp.pdf>

In January, widespread flooding also occurred across large areas of the country, on a level that Defra can expect to occur around every 3 to 4 years. However, the numbers of properties affected was fewer than 500 in total. A further serious flood event was threatened in March with a deep Atlantic low pressure system giving rise to very strong winds and tidal surges to coincide with Spring tides. Again, management of these events continued to benefit from the lessons learned from the summer floods and November tidal surge, with Defra working with the Cabinet Office's Civil Contingencies Secretariat and the Department for Communities and Local Government to ensure that multi-agency response arrangements were in place.

### **Water Supply**

Defra is the lead Department for water and sewerage incidents, such as occurred as a result of the summer 2007 floods. The flooding of the Mythe Water Treatment Works near Tewksbury led to the loss of drinking water supply for 350,000 people for 17 days. Defra's role was to monitor the water company's progress with providing alternative water supplies and restoration of mains supplies, identify and take action to resolve bottlenecks, and to brief ministers. Defra facilitated the response of the water company, for example by finding additional tankers to supply water and contributing to the provision of water supplies for livestock. In Hull, the focus was more on wastewater issues and the restoration of pumping and treatment capacity for wastewater. In these and other incidents Defra assessed and addressed the consequences for those policy areas falling to Defra, working closely with other government departments, water companies and emergency services.

### **Food Supply**

In 2007–08 Defra continued to encourage the food industry: to carry out vulnerability assessments of its sites, logistical and supply arrangements; to take steps to improve resilience where necessary; and to draw up business continuity plans to ensure its preparedness to overcome emergencies. In 2007-08 Defra briefed the food sector during the summer floods and the FMD outbreak to support the sector's response to these emergencies. Industry was consulted after each emergency to identify the lessons learnt and to inform Sir Michael Pitt's Review (into the flooding) and Dr Iain Anderson's Review (into FMD).

### **Plant Health – Maintaining freedom from plant and bee diseases**

This programme aims to prevent or control serious plant and bee pest and disease outbreaks which threaten agriculture, horticulture and the environment, and support trade through certification services. During 2007-08 action continued against ongoing disease threats, including a review in conjunction with the Forestry Commission and the Scottish Office of future management options for *Phytophthora ramorum*, a pathogen responsible for the widespread death of oak trees in California, and a related pathogen, *Phytophthora kernoviae*, which are now infecting trees and natural heathland here. For bee health, the main focus was the development with stakeholders of a Bee Health Strategy to inform the future approach to pest and disease control.



## **Consequence management of chemical, biological, radiological and nuclear (CBRN) incidents**

As Lead Government Department for coordinating the consequence management phase of a major contamination event arising from any accident or terrorist activity, Defra continues to contribute to ongoing cross governmental work to prevent these incidents and to ensure that the Department has tried and tested contingency plans in place to be able to respond in the event of an incident.

During 2007-08, the Department continued to develop integrated plans, procedures and policies for all types of contamination emergencies, and engaged in several cross-Government workstreams under the Home Office CBRN and Cabinet Office Capabilities Programmes. Working closely with key partners across the Defra network including the Government Decontamination Service (GDS) and the Environment Agency (EA), Defra have been able to enhance our ability to decontaminate and recover from CBRN incidents. Defra have learned lessons from real incidents, including anthrax contamination and the poisoning of Alexander Litvinenko with Polonium 210, and shared lessons across Government. Defra have continued to explore options for developing our environmental sampling, monitoring and waste disposal capabilities.

## **Nuclear Emergency Planning and Radioactive Incident Monitoring Network (RIMNET)**

Defra is the nominated Lead Department for co-ordinating the Government response to a nuclear accident overseas. Defra also supports other lead departments in their responses to a nuclear incident or accident at a UK civil or military site or one involving radioactive materials in transit. The Nuclear Emergency Planning and Radioactive Incident Monitoring Network (RIMNET) is a key component of our ability to detect increased levels of radiation in the air, which might be as a result of a nuclear accident overseas.

During 2007-08 RIMNET remained in service throughout the year. Highlights were:

- ensuring that Defra was able to act effectively and efficiently in the event of any nuclear accident or incident. Response arrangements were frequently tested under exercise conditions;
- further development and testing of the RIMNET Business Continuity Plan arrangements at the backup facility located at Met Office, Exeter; and
- continuation of the programme of training to ensure that staff in Defra and the nuclear emergency response community are familiar with the RIMNET system.

A review of RIMNET system performance was undertaken during July 2007; a programme of improvement work commenced in August and is scheduled for completion by March 2008.

The RIMNET system, together with the RIMNET team, was transferred to the Met Office on 1 September 2007, with performance managed through a Service Delivery Agreement. As part of that transfer, the RIMNET computer system and the nuclear emergency response facility currently located in Ashdown House, London are to be moved to Met Office accommodation in London during 2008.

## Looking forward to 2008–2009

The overall vision for our Exotic Disease Policy Programme remains unchanged. Defra will however be focused on applying lessons from 2007 to deliver even better systems for emergency preparedness and implementing outbreak review recommendations, particularly in relation to having a single animal and human pathogens regulatory framework in place by the end of 2008. Deferred from 2007-2008, Defra will be running a rigorous risk-based prioritisation project to establish a baseline, to identify priorities and to establish an Exotic Disease Risk Assessment Forum. Defra will be looking at policy simplification around exotic animal diseases and focusing on a visible shift in responsibility for contingency planning to animal keepers.

With regard to flooding, Defra looks forward to receiving Sir Michael Pitt's final report on the Summer 2007 floods and will work with him and other partners in producing a prioritised and costed action plan for implementing agreed recommendations. In the meantime Defra will take forward work on producing the 'National Flood Framework' that Sir Michael Pitt envisaged in his interim report. Defra will also consider the results of the latest 'National Capability Survey' and work with others in seeking to close whatever gaps emerge, including any surrounding water rescue capability. Defra will also work with the Department for Communities and Local Government and the Civil Contingencies Secretariat in developing tools for better sharing of data across all responders in a range of emergencies, including flooding.

Turning to water supply, Defra will be working with water companies and regional planners to ensure further development of major incident planning which will incorporate the lessons learned from 2007. Defra will also be reporting progress against the recommendations of Sir Michael Pitt's Interim Report as well as working on any subsequent recommendations from his final report.

To strengthen preparations for an emergency in the food supply sector, Defra will participate in an emergency exercise with other Government departments and the industry to test and refine its own food sector emergency plan.

On plant health, in addition to taking forward the *Pramorum* review and Bee Health Strategy, the key priority will be to establish working arrangements for the transfer of existing plant and bee health operations into a new Regulatory Science Agency, which is due to commence in April 2009.

In the area of the consequence management of chemical CBRN incidents, Defra, with key partners, will be running a large scale national contingency exercise in November 2008 to test consequence management plans and arrangements. The exercise is one in a series being run by the Government to test the effectiveness of departmental and interdepartmental contingency plans. Government Decontamination Service (GDS) and the Environment Agency, other government departments and local responders will be participating in the exercise. Defra will also be developing new guidance on disposal of CBRN contaminated waste, and through GDS, updating Strategic National Guidance on decontamination of the built and open environment. GDS will be procuring additional specialist supplier services as identified by the capability review. The Department will focus on developing environmental sampling and monitoring capabilities and will continue to contribute to cross departmental CBRN programmes.

Finally, the Department will monitor the Service Delivery Agreement for RIMNET with the Met Office, and continue its work to enhance the UK's nuclear incident and accident response arrangements by participating in exercises at the local and national level. These exercises will test the new arrangements with the RIMNET team at the Met Office.



## Chapter 9:

# Better regulation and corporate services



## HIGHLIGHTS DURING 2007-2008

Defra published its latest Simplification Plan, *Cutting Red Tape*<sup>88</sup>, in December 2007. The Plan identified action being taken across the Defra network to reduce burdens imposed on stakeholders and to contribute to our aim to stimulate behavioural change and innovation.

Defra has built on the 80 simplification initiatives identified in 2006, which are to produce an estimated reduction in administrative burdens of £158 million per year. As of May 2007 £74 million of simplification savings have been delivered.

The 2007 Plan identified a further one hundred initiatives which are projected to deliver an additional £39 million per year in reductions by 2010. That amounts to a projected decrease in the administrative burden imposed on Defra stakeholders of 29 per cent, compared to a published target of 25 per cent.

<sup>88</sup> <http://www.defra.gov.uk/corporate/regulat/pdf/2007simplification-plan.pdf>

## Better regulation and simplification

Various initiatives are resulting in significant benefits for our stakeholders. It is worth highlighting two:

### Single Payments Scheme

Rural Payments Agency (RPA) is simplifying the Single Payment Scheme (SPS), which alone accounts for 21 per cent of Defra's total administrative burden.

In 2006, pre-populated claim forms were introduced and data quality and accuracy of data captures are improving each year. A Defra customer survey, for example, may indicate RPA is reducing the amount of time that customers spend completing the SPS claim process.

RPA is moving toward a modular claim form which means business will need only to complete relevant parts. RPA will also start to provide business with an alternative channel for data submission from 2008.

### The Environmental Permitting Programme

The Environmental Permitting Programme (EPP) is delivering significant outcomes by streamlining and simplifying the operation of environmental permitting and compliance systems, and the processes of obtaining, varying and transferring permits.

It replaced over 40 Statutory Instruments with a single set of regulations one-third of the length. The first stage of the approach, simplification of Waste Management Licensing and Pollution Prevention Control, came into force on 6 April 2008.

It is estimated that the EPP will produce administrative savings to business over the next 3 years as follows: 2008-09 £1.6 million saving; 2009-10 £8.9 million saving; and 2010-11 £8.9 million saving.

Further work is being carried out to explore extending this common approach by simplifying further permitting regimes. These could include water discharge consenting, groundwater authorisation, water abstraction, radioactive substances regulation, some waste carriers and brokers, as well as implementing parts of the Mining Waste and Batteries Directives.

## Simplification in Defra – mechanisms

A number of mechanisms contribute to the simplification drive:

### 90 day simplification programme<sup>89</sup>

We encourage businesses to propose changes to simplify the way regulations and other measures impact in practice. This initiative, run under the Better Regulation Executive's (BRE) Web Portal, covers all sectors: Private, Public, Third and Citizen.

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<sup>89</sup> <http://www.betterregulation.gov.uk>



Between April 2007 and end March 2008, we received 23 proposals: of these, 7 have been taken forward and 8 are still under consideration. All of the proposals are being looked at to see if they can improve the way that we regulate.

### **Impact Assessments**

Since May 2007, we have produced:

Impact Assessments (IAs) (which replaced Regulatory Impact Assessments) to support proposed regulatory, and other interventions.

In general, the new IA template is providing greater clarity and transparency, with policy-officials and dedicated economists ensuring that high-level data is easily recognisable and accessible. We will see how IAs settle in during 2008 and consider the extent to which post-implementation reviews are being identified and timetabled to be taken forward.

Our training programme focuses on IA issues and the BRE's IA guidance has been promoted at various points in 2007-08 through internal Defra structures, including news items on the Defra staff intranet. Defra's Regulatory Improvement Units have built on earlier work in 2006-07 which delivered bespoke IA training for their policy teams by providing tailored advice to policy teams on IAs. The Department's Legal Directorate will be undertaking a programme of training on IAs during May and June 2008.

### **Economist Peer Group**

Impact assessments are independently assessed and challenged by a Defra economist unconnected with the measure in question. Policy officials, and their dedicated economists, are required to amend and improve the IA in line with recommendations put forward. Only at that stage will Defra's Chief Economist advise Ministers that the IA represents a reasonable view of the likely costs, benefits and impact of the leading options.

### **Defra Consultations**

Defra is committed to consulting its stakeholders on all regulatory and other proposals which impact on business. Responses to formal consultation exercises inform and guide policy development. Defra follows the voluntary Code of Practice on consultations, ensuring it meets all the standards it sets out. All consultation documents conform to Defra publishing standards (i.e. they all have the same branded front cover and layout and all consultation documents now adopt the Plain English Code).

From 1 April 2007-31 March 2008, a total of 70 consultations were carried out. Of those, 59 lasted a minimum of 12 weeks, which is the best practice standard set down in the Code of Practice. The remaining 11 lasted less than 12 weeks. There were a number of reasons for shortened consultations including: the purely technical nature of proposals; narrow and specialised target audiences; compliance with timescales laid down in EU legislation; delays at European level in agreeing EU texts. All shortened consultations were agreed by a Defra Minister.

## Simplification in Defra – initiatives

In addition to the measures mentioned in the Highlight section of this Report we are taking other action to deliver tangible benefits to business. This includes:

### Whole Farm Approach

The Whole Farm approach has been identified as a strategic enabler for the Government's Service Transformation Strategy. It is working closely with Business Link looking at how Defra services for farmers, and online farming content, can be made available via the Business Link portal during the 2007 Comprehensive Spending Review period.

Since its release in March 2006, the Whole Farm Approach portal has achieved take-up in line with predictions with over 6,700 farmers having completed the registration process by March 2008. During the past year the system has been enhanced by providing greater functionality and improving usability to further increase the benefits to farmers; in particular the ability to register for waste exemptions and complete the June and December 2007 agricultural surveys.

There has also been a review of inspection activities and particular duplicate activities have been identified. Four pilots have been established that aim to reduce the inspection burden on the farmer.

The Whole Farm Approach programme is working with the Defra delivery network to identify further services and products suitable to be made available online to support the farming industry in understanding regulatory requirements and reducing their administrative burdens. The programme will also be completing and evaluating the inspection pilots.

### Cross Compliance

During 2007, we completely rewrote and reformatted the Handbooks which are issued to farmers to help them understand their cross compliance requirements.

The new format better reflects the needs of farmers and stakeholders in line with responses received during independent research and informal consultation during the lifespan of the project. The new 'Guide to Cross Compliance in England' is written in a clear 'you must/ you must not' format in plain English. The redesign makes it easier to use and includes signposting, colour coding by farming activity and has removable pages that can be used as individual fact sheets and will be easier to update and replace.

The e-delivery of the Guide was made available through our Whole Farm Approach and there is a web-hosted interactive version on the Rural Payments Agency website. The style that has been used for the text of the Guide negates the need for annual updates, as was the case with the Handbook. The estimated annual savings in administrative burden are in excess of £1 million.

## NetRegs

The NetRegs<sup>90</sup> web based compliance self-assessment tool aimed at Small and Medium-sized Enterprises (SMEs) provides advice and guidance covering 34 categories of environmental regulation and over 100 individual business sectors. In 2007-08, over 300,000 individual businesses used the site.

The tool is currently undergoing a programme of enhancements aimed at providing more personalised and tailored information which will lead to annual administrative cost savings of around £1.9 million from 2008-09. These savings are predicted to increase as more businesses use the site.

## Environment Agency

Our regulators work jointly with core Defra to identify and implement better regulation improvements. For example, as Defra's largest regulator, the Environment Agency (EA) is delivering the following improvements:

- a Director level scrutiny panel to screen all new regulatory initiatives for better regulation principles;
- stakeholder workshops on taking forward modern regulation, including on advice and guidance, data sharing, Operator and Pollution Risk Appraisal (OPRA) and environment permitting;
- embedding of Hampton principles into new operational instructions for producing external forms and guidance;
- development of a strategy for improving advice and guidance in line with Hampton and compliance code principles;
- online registration of waste exemptions (ten times faster than paper based system) and hazardous waste producers & carriers;
- reduced low risk waste inspections by 60,000 and increased in depth audits of high risk sites; and
- a protocol that enables compost to be treated as a product and not a waste, removing the need for compliance with waste regulations (protocols are in development for more materials including cut glass and blast furnace slag).

## Business Support Simplification Programme (BSSP)

This programme is about streamlining the provision of publicly-funded support to business. It will, amongst other things, enable businesses to receive better advice and support to manage environmental impacts, achieve legal compliance, reduce costs and improve financial performance.

Defra is leading development of two business support Offers under the Government-wide Business Support Simplification Programme (BSSP): Promoting Resource Efficiency and Sustainable Waste Management and Protecting the Natural Environment<sup>91</sup>. The

<sup>90</sup> <http://www.netregs.gov.uk/>

<sup>91</sup> <http://www.berr.gov.uk/bbf/simplifying-business-support/page44804.html>



intention is that existing Defra 'Products' which appear under the Offers will be considered against BSSP criteria and, where feasible, access and delivery streamlined and improved.

Both Offers are included within the broader cross-Government BSSP Portfolio of Offers (covering issues like Enterprise, Skills and Globalisation) and work is continuing to develop them with a view, as announced in the Budget 2008, to bringing them under the BSSP umbrella by March 2009.

## Improving the way Defra operates

Defra is reviewing its policies, practices and operational structures to ensure better regulation outcomes.

### The underlying philosophy

Defra is pursuing a radical programme to reduce the burdens associated with some of our more onerous regulations, produce quick-win solutions on minor legislative irritants, and improve our overall approach to regulation.

Defra encourages innovation, use market-based instruments, target inspections on high risk operations, be conscientious about identifying non-statutory means of intervention, apply risk-based regulatory solutions to problems, and improve customer comprehension.

Defra aims to provide business with a clear, responsive and appropriate regulatory framework which provides recognised protection and benefits. Defra seeks to strike the right balance: ensuring policy outcomes; reducing burdens and giving business certainty to operate effectively in today's market.

The UK Government was a major player in negotiations to agree an EU-wide target of 25 per cent for reducing administrative burdens imposed by European legislation. Defra is working with other Member States to identify the areas of regulation where action is needed.

### Hampton Mergers

Defra has made further progress in 2007-08 with implementing the structural changes recommended in the Hampton Review 2005:<sup>92</sup>

- the Pesticides Safety Directorate (PSD) merged with the Health and Safety Executive (HSE) on 1 April 2008;
- the Plant Health and Seeds Inspectorate (PHSI) and the Plant Variety Rights Office and Seeds Division (PVS) will merge with the Central Science Laboratory (CSL) to form a new Regulatory Science Agency (RSA - working title). The National Bee Unit (NBU), which is already part of CSL, will also be part of the new RSA;

<sup>92</sup> [http://www.hm-treasury.gov.uk/budget/budget\\_05/other\\_documents/bud\\_bud05\\_hampton.cfm](http://www.hm-treasury.gov.uk/budget/budget_05/other_documents/bud_bud05_hampton.cfm)

- it was agreed that the Fish Health Inspectorate (FHI) will remain part of the Centre for the Environment, Fisheries and Aquaculture Science (Cefas);
- a public consultation exercise will take place on the options for the future of the Drinking Water Inspectorate (DWI), which will include merging with the Food Standards Agency (FSA);
- the Veterinary Medicines Directorate (VMD) are developing a business case on possible merger options, with the intention of undertaking a public consultation exercise to help inform decision making; and
- discussions on the future of the Gangmasters Licensing Authority (GLA), in the context of a possible merger with HSE, are continuing.

### **A new policy-cycle process**

The policy process has been developed as part of the 'Defra Way of Doing Things' under the Renew change programme. It builds on, and complements, existing mechanisms for better policy making, and incorporates Project and Programme Management tools.

There is also an integrated approval and assurance process which ensures that policy-thinking is challenged (e.g. the Economist Peer Group mentioned earlier) and meets minimum criteria as it is developed. This will effectively challenge and quality assure all regulation from inception, through development to implementation and review.

An integral part of the approach is to define and address 'risk' more rigorously; this reflects the Hampton Review recommendation that departments adopt risk-based approaches to policy-making. The new policy-cycle ensures that risk is a key consideration before decisions are made. On-line guidance helps policy-makers to factor the concept of risk into their work and will aid dissemination of good practice.

### **The Compliance Code**

The Compliance Code sets the Hampton principles on a statutory footing. It recognises the importance of evaluating environmental costs and benefits. We are working with officials and regulators to see how we meet, and can further strengthen delivery on, the Hampton principles in the Code.

### **Regulatory Enforcement and Sanctions Bill**

Defra will seek to make use of the new civil sanctions toolkit in the Regulatory Enforcement and Sanctions (RES) Bill as part of our environmental enforcement programme. The Bill gives legal effect to the recommendations of the Macrory Review<sup>93</sup> of Regulatory Penalties which provides a flexible set of fit for purpose sanctioning tools that are consistent with the risk-based approach to enforcement in the Hampton Review. We have established links with the new Local Better Regulation Office (LBRO) created by the RES Bill, and over the coming year will strengthen this relationship.

<sup>93</sup> <http://www.berr.gov.uk/files/file44593.pdf>

### Local Authority enforcement targets

In his review<sup>94</sup> of local authority enforcement Peter Rogers identified both air quality and animal health and disease control as national enforcement target priorities. Other Defra policy areas, including contaminated land, local environmental quality, and noise nuisance, were flagged as local priority enforcement issues.

During 2007, we worked with the Department for Communities and Local Government (CLG) to shape a Local Authority (LA) performance framework which reflects these national priorities. We will continue to work with the CLG, the Local Authorities Coordinating Office on Regulatory Services (LAcORS) and the LBRO to support local authority enforcement activities in these areas.

### Conclusions

The Department, and our regulators, remains committed to the better regulation agenda. We have identified a wide range of initiatives to both deliver regulatory simplification and administrative burden reduction outcomes to business and to improve internal regulatory process. We estimate that by 2010 we will have achieved a net reduction (i.e. taking account of new regulations coming into force) of 29 per cent in administrative burdens, that is in excess of the cross-Government target of 25 per cent.

Improvements to the policy-cycle, including risk-based interventions and enforcement, will help to further embed better regulation into Departmental thinking ensuring that it becomes an underlying consideration in all policy initiation and development.

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<sup>94</sup> <http://www.berr.gov.uk/bre/inspection-enforcement/implementing-principles/prioritising-areas/page44051.html>



# Efficiency Programme

## Highlights during 2007-2008

The department is on course to exceed its targets for delivery of financial, workforce and relocation targets for the 2004 Spending Review period.

## Overview

Defra agreed, as part of the 2004 Spending Review (SR04), to deliver by the end of 2007-08 efficiencies of £610 million, a reduction of 2400 Civil Service posts, and to have robust plans in place to relocate 390 posts from London and the South East. Defra's Efficiency Technical Note<sup>95</sup> (ETN), sets out how the efficiencies were to be delivered.

The Efficiency Programme, as initially established, drew upon a portfolio of initiatives that were being undertaken across the core Department, its Executive Agencies and Non-Departmental Public Bodies (NDPB). The programme has used dedicated account managers to guide, support and challenge efficiency reported across the portfolio and to ensure that sufficient evidence exists to demonstrate that the efficiencies are genuine and that quality and performance have not been compromised through its delivery.

Progress towards the Department's targets is externally assured through quarterly reporting to the HM Treasury, supported by six-monthly discussions between the Department and HM Treasury at Permanent Secretary level on the likelihood of these targets being met and through independent Gateway Reviews.

Plans are currently under development for monitoring, measuring and reporting on delivery of the Department's £379 million value for money savings target for the 2007 Comprehensive Spending Review (CSR07) period.

## Progress on financial efficiency

Of the total £610 million target for financial efficiency, £299 million (half to be cash releasing) was expected to be delivered by local authorities via efficiencies in waste services for which authorities have budgetary responsibility but Defra has policy responsibility. Of the overall target of £610 million, £377 million was to be delivered as cash-releasing efficiencies (producing the same output for less input) whilst £233 million was to be productivity efficiencies (more or better outputs for the same cost). To the end of December 2007, Defra had reported total efficiency gains of £603 million, with £358 million arising from the Department together with its Agencies and NDBPs and £245 million from local authorities.

<sup>95</sup> <http://www.defra.gov.uk/corporate/busplan/efficiencynote-0511.pdf>

Subject to agreement from HM Treasury, the Department plans to count as early delivery of CSR07 value for money savings up to £38 million of SR04 financial efficiencies in excess of our target, where these savings are both cash releasing and sustainable into the CSR07 period.

Figure 14: Total gains (incl. Local Authorities)

Year	2004-05	2005-06	2006-07	2007-08	Forecast over-delivery
Target	87	229	419	610	
Delivered <sup>96</sup>	116	285	489	603	
Forecast	96	264	479	764	154

(all figures are reported in millions)

Figure 15: Departmental gains (excl. Local Authorities)

Year	Target	Delivered <sup>97</sup>	Forecast to March 2008	Forecast over-delivery
Cashable	228	275	300	72
Non cashable	83	83	117	34
Total	311	358	417	106

(all figures are reported in millions)

Progress on workforce reductions

The departmental target for workforce reductions is 2400. 1600 of these were planned to come from the RPA Change Programme and the remaining 800 from the core department. In March 2007 the department agreed with HM Treasury that in order to deal with improvements in the Single Payment Scheme, work at RPA during the 2004 Spending Review period should concentrate on improving payment performance and that the Department would be unable to make the reduction of 1600 posts originally planned to be generated by this Programme.

Whilst the target remained 2400, HM Treasury accepted a revised commitment from the department to deliver a total reduction of 1400 posts. To December 2007, Defra had made 1447 post reductions against this commitment.

<sup>96</sup> To end of Quarter 3 ending December 31, 2007-08

<sup>97</sup> To end of Quarter 3 ending December 31, 2007-08

**Figure 16: Workforce reductions**

Year	2004-05	2005-06	2006-07	2007-08
Target	—	810	1460	1400 <sup>98</sup>
Delivered	112	253	735	1447
Forecast	106	272	773	1455

### Progress on relocating posts from London and the South East

By the end of December 2007, Defra had relocated 337 posts from London and the South East. The majority of these posts went to York and Worcester. The Department has met the target of having plans in place by the end of 2007-08 for relocating at least 390 posts and continues to work closely with Office of Government Commerce (OGC) to manage risk and to ensure adequate contingency is available to assure delivery of this target by March 2010. During 2007, it was agreed with the OGC that relocations across Levy Bodies, which are part-funded by Defra, could be included against our target. This increased our forecasts by some 500 posts.

**Figure 17: Relocations from London & South-East England**

Year	2004-05	2005-06	2006-07	2007-08
Lyons 2010 Target	—	—	—	390
Delivered to date <sup>99</sup>	124	138	219	337
Forecast	—	138	274	1035

### Renew Defra Programme

Renew Defra is the department's transformation programme launched by the Permanent Secretary and Defra's Management Board in November 2006, which aimed to make Defra one of the top performing departments in Whitehall.

Key areas the Programme focused on included reorganising the department to deliver, leadership and direction, improving business processes, developing the capabilities and behaviours of staff and driving individual and organisational performance. These areas of focus have also helped Defra to respond to the challenges set in the 2007 Defra Capability Review, as well as meet the funding and prioritisation challenges Defra faces over the Comprehensive Spending Review period (2008-11).

<sup>98</sup> Target was originally 2,400

<sup>99</sup> To end of Quarter 3 ending December 31, 2007-08



## Capability Review

### Area for action:

- strengthen the senior leadership team
- provide services based around customer needs
- create a true partnership with Delivery Partners
- set high standards and actively manage individual and organisational performance
- develop robust business processes

### What Renew has delivered:

- a **leadership development programme** has been underway for Defra's senior management team;
- **introduced assessments of the impact of policies** on customers both at the consultation and final stages of policy development;
- Renew is putting in place clear **agreements between Defra and its network partners** to ensure more collaborative and effective partnerships;
- ensured more **involvement of network partners throughout the policy cycle as part of new programme and project management processes**;
- a **revised corporate performance management framework** to ensure that Defra focus our resources on our priorities and that we live within our means. This included launching new methods of business planning and portfolio management for projects in Defra;
- a **flexible staff resourcing process** to ensure Defra can move resources to where they are needed. Over 3000 staff in the Department have now loaded their skills profiles and availability onto the new flexible staff resourcing system;
- a **revised individual performance management process** that holds people to account for their performance, while enabling them to take this accountability
- a new **staff development management process** to ensure our staff are given the opportunities to develop and enhance their capabilities
- around 470 Development Managers have now been appointed across Defra to support staff and encourage their personal development;
- reviewing the skills, knowledge and behaviours required in Defra and developing and implementing a **capability plan and new competency framework** to build these in the department;
- Renew has revised and **aligned a number of key organisational processes** to enable staff to adopt a standard Defra way of doing things that allows people to focus on priorities;
- defined a new and consistent **policy development process** to ensure that Defra is more effective at developing and delivering policies;

- a **new departmental approach to project and programme management**. This includes the use of project management approaches to help identify and manage risk, working closely with the Audit and Risk committee; and
- a revised approach to retaining and sharing knowledge across the organisation through new **Knowledge Management processes**.

## Looking forward to 2008-2009

Defra will complete delivery of the Renew Programme, focus on embedding the new processes and drive realisation of the Programme's six main benefits. These six overall benefits are:

- delivering effectively through our network partners;
- being more flexible and responsive;
- being more effective at developing and delivering policies;
- prioritising our activities to match our overall level of resource;
- building upon our skills and knowledge; and
- being accountable for our performance.

These benefits all contribute to a more effective, efficient and customer focused Defra with an enhanced capability to deliver its strategic objectives.

The benefits realisation plan sets out how we will measure and realise these benefits including clear baselines and targets. Each benefit will have a corporate owner within the organisation who will be responsible for ensuring it is measured and reported on beyond the lifetime of the programme. Individual Management Board members will be accountable for delivery of the various Renew benefits.

On a more detailed level, there are benefits in Renew for individuals, for Defra as a whole and for our customers.

For **individuals**, there will be opportunities to work on a wider variety of work and for gaining new skills and experiences. Processes and systems will be more joined up and designed to help facilitate our work – it will be easier to get things done meaning Defra will be a more attractive and exciting place to work.

For **Defra as a whole**, Renew is enhancing the department's capability to deliver its strategic priorities. This has involved focusing our resources, people and money, on our priorities, whilst ensuring Defra is living within our means. Renew is about introducing more effective partnership relationships with our network partners. It is about being more effective at developing and delivering our policies. It enables us to move our people to where they are needed. It means holding people to account for the jobs they have to do, while enabling them to take this accountability.

For **our customers**, the changes brought about by Renew will help to ensure that Defra deliver what Defra need to, in a way that focuses on the needs of people and organisations Defra serve.

## Publicity and advertising

During the financial year 2007-08 Defra spent £4.96 million (including production costs) on the 'Act on CO<sub>2</sub>' climate change publicity campaign. The campaign, launched in 2007, is a major Government campaign which aims to engage the general public on climate change. The campaign seeks to help individuals make changes in their lives that help them to reduce their carbon footprint, and to address the confusion that many people feel about how they can play their part in responding to the challenge of climate change.

'Act on CO<sub>2</sub>' is a phased public engagement campaign on tackling climate change with the aim of:

- Establishing the link between CO<sub>2</sub> and climate change;
- encouraging people to calculate their carbon footprint on the Government's 'act on CO<sub>2</sub>' calculator<sup>100</sup>; and
- encouraging people to adopt pro-environmental behaviours to reduce their own carbon footprint.

The role of communication is not just to show people how to act on CO<sub>2</sub>, but to inspire them to want to act on it. The campaign has been designed to lead by example and provide clear and consistent information to guide people's choices. It has achieved this through mass marketing publicity campaigns to inform, inspire and persuade the public.

The role of 'Act on CO<sub>2</sub>' in communications is threefold; to run long term publicity campaigns that will deliver behaviour change. To ensure a joined up approach and proactive coordination across Government and other public sector organisations thus optimising campaign effectiveness, and to ensure the 'Act on CO<sub>2</sub>' brand has ownership by all so that we create a sense of "movement" and have consistency and reliability across the campaign.

Full evaluation has been completed pre and post campaign (highlights below):

- Almost a million unique visitors to the 'Act on CO<sub>2</sub>' calculator, 20 per cent increase in those who have seen or heard anything about climate change/carbon calculator, 56 per cent prompted recognition of and (any media), half said they had taken or were planning to take action as a result of the campaign; and
- 'Act on CO<sub>2</sub>' Roadshows: over 26,000 people engaged/more than 150 calculator trials at each venue.

The campaign will continue to support a range of climate friendly behaviours with TV advertising and other campaigning activities running throughout the next three years.

Defra also launched a refreshed personal food imports campaign targeting those who travel to non-EU countries, with a particular emphasis on communities with the highest seizure rates. Activities included community outreach, targeted TV and press. Activity

<sup>100</sup> <http://www.direct.gov.uk/actonco2>



targeting the general public was also undertaken in partnership with HM Revenue and Customs and included digital advertising and partnership marketing. Defra contributed £570,000, supporting the responsibility and cost sharing agenda.

Interim evaluation results indicate that:

- Over 1200 stores have leaflets and 664 posters are being displayed as a result of the outreach activity;
- 71 – 93 per cent of respondents (dependent on the community) found the leaflet very helpful; and
- 36 – 50 per cent of respondents (dependent on the community) had seen other elements of the activity (they were surveyed as part of the outreach activity).

As part of the work across the Department to reduce the regulatory burden on the agricultural sector and following on from the pilot, an improved *Farming Link* was launched; a publication for farmers and growers. Defra invested £460,000 to enable a more strategic and co-ordinated approach to communications with farmers; providing a single source of information on new regulations, consultations and legislation, whilst reducing the need for multiple mailings.

Recent evaluation has shown 85 per cent of readers think the publication is good and 88 per cent want it to continue.

## Science in Defra

Defra spends around one-third of a billion pounds annually on science with around £130 million per year being invested in research and development. Around 95 per cent of Defra's research and development budget is spent by policy groups to directly support their strategic priorities. The remaining funds being used by the central evidence teams to fund cross-cutting and horizon scanning work.

Approximately £200 million is spent on other science, including surveillance, monitoring, field trials and knowledge transfer.

Our focus is on ensuring that the science the department procures and uses is both fully relevant to our needs and of the highest quality.

In September 2007 Defra appointed a new Chief Scientific Adviser Professor Bob Watson the former Chief Scientist at the World Bank. His role in Defra is to challenge, guide and champion the use of science in policy development in the department. We were much saddened by the sudden death of his predecessor Sir Howard Dalton following his retirement as Chief Scientific Advisor.

## Performance during 2007-2008

Defra has:

- began a review of long-term strategic evidence capability needs;
- launched a new programme of Horizon Scanning and Futures work, starting with a pilot study to explore key dimensions of uncertainty in the environment which was used at Management Board to inform wider discussions on risk;
- began developing a horizon scanning and futures toolkit to embed these approaches in policy development throughout the department;
- developed and launched the 'Science and Engineering Career Home' within Renew Defra to support the science and engineering community and maintain professional standards and capability within the department;
- set up a new team to provide strategic analysis and synthesis and act as a 'knowledge hub' for the department on cross-cutting issues;
- worked with the Environmental Research Funders Forum (ERFF) to produce a Strategic Analysis of UK Environmental Research Activity and a similar analysis of environmental monitoring;
- worked with ERFF and others to help develop the 10-year 'Living with Environmental Change' research and outreach programme, spanning UK Research Councils, Government Departments and Agencies to connect world-leading natural, engineering, economic, social, medical, cultural, arts and humanities researchers with policy makers, business, the public, and other key stakeholders;
- worked with the Commission to ensure that UK priorities were incorporated into the 'Environment (including climate change)' and 'Food, Agriculture & Fisheries, and Biotechnology' themes of the Seventh Research, Technology and Development Framework Programme;
- continued the programme of the peer review of Final Reports to assess the quality of science outputs generated from Defra-funded Research & Development. In 2007-08 water policy research, energy efficiency, and waste and resources programmes have been considered. The review outcome for the: water policy research programme was that the quality of science outputs was 'generally good'; and energy efficiency programme was that the science outputs were deemed 'excellent';
- carried out a quinquennial Science Audit of the Veterinary Laboratory Agency (VLA), chaired by Professor Quintin McKellar (Royal Veterinary College), was carried out in September 2007 by a team of 21 independent experts. This concludes the current round of Laboratory Agency Science Audits that commenced in 2005 with Centre for Environment, Fisheries and Aquaculture Science and was followed in 2006 with Central Science Laboratory. The Science Audit Report identified the VLA as a national centre of excellence whose work and facilities are valued highly both in the UK and the wider international community. Across the organisation the quality of scientific work was said to be good and delivering to its customers requirements; and
- in addition Defra's Science Advisory Council, established in 2004, continued to provide the Defra Chief Scientific Adviser, and through him Ministers, with expert, independent science advice.

## Looking forward to 2008-2009

Defra will:

- conduct a root-and-branch review of our Evidence and Innovation Strategy to determine how best to meet the department's future evidence;
- as part of the Science and Engineering Career home programme carry out a review of our internal specialist skills needs in relation to evidence procurement, analysis, synthesis and translation in policy development;
- continue to support UK participation in the Seventh Framework Programme. Promote other opportunities for international collaborative research, including science initiatives under the Sixth Environmental Action Programme (e.g. LIFE Plus), OECD and COST; through bodies such as the EU's Standing Committee on Agricultural Research and the UK's Global Science and Innovation Forum; and through mechanisms such as the ERA-NET scheme. Review the programme of quinquennial science audit of the Defra's laboratory agencies to establish whether we can streamline the process while maintaining the quality of audit and assurance.
- work with our partners to develop and begin implementing the 'Living with Environmental Change' programme; and
- work with ERFF to develop an 'Environmental Observations Framework' for the UK. The framework aims to examine strategic needs for long-term environmental observations and look at ways to improve long-term funding for and access to key observations and data.

The Chief Scientific Adviser will be working to assist Defra be the first and the best in attaining the evidence needed for innovative and cost-effective policy formulation. A major work area will be to assist Defra lead the UK, the EU and the world in innovative policy formulation, while recognizing the inter-linkages among such issues as: climate change (mitigation and adaptation); local and regional air quality; ecosystem management; avoiding and addressing animal diseases; and the transition to a multi-functional agriculture. He also aims to encourage a forward-looking approach to evidence and policy formulation using horizon scanning and foresight studies.

The Science Advisory Council will continue to advise Defra's Chief Scientific Adviser, monitoring how recommendations are being addressed by the department and to ensure the Council continues to make an effective input to the development of Defra's science programmes and activities. A major work area is a review of Defra's investment in science and advice on future challenges.

## Legal Group

Legal group provides a full range of legal services to Defra and its agencies. It maintains close links with legal teams in other departments to help ensure the effectiveness and consistency of its legal advice and litigation.



## Performance during 2007-2008

Defra's Legal Group provided legal services to support the work of the department, in particular:

- preparing the Climate Change Bill and taking it through Parliament;
- securing amendment of the Montreal Protocol to reduce emissions of ozone-depleting substances;
- contributing to the review of the Kyoto Protocol on climate change – a Defra lawyer was the lead author and issue leader of the European Union's (EU) submission in the Review relating to mechanisms for changing commitments of Parties under Annex B of the Protocol. Another lawyer chaired the Legal Experts Group which produced and finalised this and the other legal submission (relating to privileges and immunities) and presented this work for adoption by the Working Party (Heads of Delegations);
- supporting the environmental permitting programme;
- controlling the animal disease outbreaks (Foot and Mouth Disease, Bluetongue and Avian Influenza);
- contributing to targets for fisheries control and conservation enforcement;
- Negotiating the Marine Strategy Directive and the Water Framework Directive;
- Supporting Defra and the Rural Payments Agency on the Single Payments Scheme; rural development and other reforms;
- Undertaking civil litigation for personal injury, employment claims, contractual disputes and judicial reviews; and
- bringing prosecutions for Defra and advising on investigations; and
- supporting Renew Defra.

## Looking forward to 2008-2009

The challenges will include providing legal support for Defra's priorities including:

- international climate change and review of the Kyoto protocol – a Defra lawyer chairs the EU Legal Experts Group for the Slovenian Presidency, advising the EU on negotiations procedure and on the future legal architecture of the international climate change regime, as well as being a Lead Negotiator for the EU.;
- domestic climate change and environment matters;
- preparing the Marine Bill and provisions on coastal access;
- contributing to common agricultural policy reform;
- contributing to the development of Defra's water strategy;
- meeting single payment scheme targets and reducing disallowance risk;
- improving outcome based enforcement;
- helping to develop Defra's procurement capability;
- undertaking prosecutions and civil proceedings; and
- implementing Renew Defra.

## Finance

The Department's financial position is set out in the core tables and supporting commentary in Chapter 11 of this Report.

On 6 March 2008 the National Audit Office (NAO) published a report on *Defra's Management of Expenditure*<sup>101</sup> which was then considered by the Public Accounts Committee (PAC) on 19 March 2008<sup>102</sup>. The Report presents a balanced view of how the Department has recovered from the well-publicised difficulties in 2006-07. The Report recognises that the Financial Management Improvement Programme (FMIP) instigated by the new (interim) Director General Finance has already had a notable impact in 2007-08 delivering:

- much stronger engagement from Ministers and the Management Board in setting balanced budgets, reviewing out-turns and forecasts and visibly promoting the FMIP;
- more professionally qualified finance staff available to provide support to budget holders, including those facing sponsored bodies;
- stronger monthly reporting processes including more challenge on budget and forecast variances; and
- tighter spending and recruitment controls through the year to recover the opening over-allocation and then to cover the cost of emergencies such as flood management and animal disease outbreak (Foot and Mouth, Bluetongue and Avian Influenza).

The Report sets out a number of recommendations that we agree with the NAO will lead to further improvements. We will continue to progress these and other initiatives to build on what has been achieved so far. An update against the particular NAO recommendations is as follows:

### **Set budgets for 2008-09 onwards that balance with the funding from the 2007 Comprehensive Spending Review (CSR07) settlement:**

- fully balanced budgets have been set across the Department for 2008-09 with no element of over-programming. These budgets were delegated to 34 Senior high-level budget holders (SROs) in writing before the start of 2008-09 and all delivery bodies informed of their budget;
- the Programme element of those budgets includes a Departmental Unallocated Provision of £50 million to allow Defra to deal with emergencies such as those faced this year on floods and animal disease outbreaks;
- we have agreed with our delivery bodies that we expect to make final allocations for 2009-10 no later than 31 August 2008. At the same time we expect to give further guidance on 2010-11; and
- we have said that if this overall approach to years 2 and 3 of CSR07 raises particular difficulties then we would welcome further discussions.

<sup>101</sup> [http://www.nao.org.uk/publications/nao\\_reports/07-08/0708309.pdf](http://www.nao.org.uk/publications/nao_reports/07-08/0708309.pdf)

<sup>102</sup> <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/uc447-i/uc44702.htm>

**Ensure that budgets and those of the delivery bodies accord with the Department's and the delivery bodies' strategic objectives each year:**

- all the budgets set fit with our strategic objectives because they are based on detailed business plans that link directly to the Departmental Strategic Objectives agreed as part of the CSRO7 Settlement.

**Develop a range of measures to benchmark forecast spending each year across its different activities, to enable senior officials to probe the rigour of the budgets set and to determine more methodically whether there are any resources that could be re-allocated to support the Department's strategic objectives:**

- the Department has implemented a detailed process for resource prioritisation across the whole portfolio of programmes and projects. This has been a key deliverable of the Renew Defra programme. The new approach, supported by regular financial reporting, provides the evidence for the Management Board to determine whether there are any resources which can or should be re-allocated to better support the delivery of the Department's Strategic Objectives. This senior level scrutiny also helps to ensure that the Department will live within its means whilst retaining a clear picture of what is being delivered with those funds.

**Incorporate the performance of budget holders in managing their resources into each staff appraisal and associated personal development plan, determining any skills gaps amongst budget holders so that suitable training courses can be developed:**

- the formal budget delegation letter which has been issued to each of the 34 (SROs) sets out their resources, responsibilities and accountabilities in relation to the portfolio given to them by the Accounting Officer. SRO's are required to report progress against the agreed milestones and outcomes on a quarterly basis as part of Defra's corporate reporting cycle. Where delivery is behind schedule, outcomes are not being achieved or finances not being managed properly, the Management Board will intervene; and
- all SROs are supported by professionally qualified finance staff. The Department provides in-house financial training courses for non-finance specialists, especially SROs and those who aspire to becoming SROs, as well as encouraging the use of the HM Treasury e-learning modules for government financial management (the 'Love Learning' toolkit).

**From 2008-09, specifies the timing and information required in the monthly progress reports (to include integrated performance and finance data) from each delivery body to enable the sponsoring Directors General to engage more effectively with the delivery bodies and to respond to challenges at the Department's Management Board meetings:**

- we have a defined timetable for the collection of finance information on a monthly basis from across the Department which includes the delivery bodies. This resulting data is subject to rigorous challenge by the sponsoring Directors General (supported



by their SROs and financial managers) and then again centrally on behalf of the Management Board and Accounting Officer. This central challenge process concentrates on the largest 25 budgets which account for 80 per cent of the total budget. The full Management Board considers the finance report at each monthly meeting; and

- performance data is taken quarterly by the Management Board as part of the new Corporate Performance Management Framework. This reporting uses data from the monthly finance processes.

**Invites the Department's Audit and Risk Committee to support improvements in financial management by following up the Interim Finance Director General's FMIP and the National Audit Office's recommendations with regular reviews of progress:**

- the Financial Management Improvement Programme Board meets quarterly to review progress. This programme board includes the Chair of the Audit and Risk Committee, the Accounting Officer, two Directors General and a non-executive.

## Shared Services

The Shared Services Directorate (SSD) was formally established on 1 April 2007 to bring together as a shared service the corporate services underpinning the Defra Network. This followed on from previous work undertaken in the Department, including the introduction of shared services into Natural England at its inception in October 2006.

Currently, SSD provides services to some 10,000 staff across 13 Defra Network customers. Of this number, 5 organisations (Core Defra, Natural England, Animal Health, Government Decontamination Service, and Marine and Fisheries Agency) take a full range of services that includes Human Resources, payroll, finance, procurement, and facilities management, while eight take a partial service. Together these organisations represent approximately 75 per cent of staff within the Defra Network (excluding the Environment Agency).

Customer-focused service provision, based on negotiated Service Relationship Frameworks and Service Level Agreements, covers a range of self-service options for staff, and other specialist automated and manual services (for example recruitment, re-location, i-Procurement, and provision of management information) for organisational customers.

Although many of the benefits of shared services have been realised in the previous financial year, the introduction of shared services continues to provide efficiencies and savings for the Department viz:

- the continued improvement to the underlying service processes, and the outsourcing of facilities management has allowed a further reduction of 60 posts (15 per cent of the previous headcount, and an annual cost of £1.5 million); and
- the release of back-office resource to frontline activities across customer organisations.

Following changes in the business environment, SSD instigated a review of its strategy in November 2007. This noted:

- the outcomes of the Fujitsu and Oracle Insight Reviews – reviews of the underpinning technology systems used to provide shared services – which recommended a re-implementation and upgrade of the Oracle Business Suite;
- the need for the ongoing acquisition of customers, so that the advantages provided by the scalability of systems and processes could be further realised; and
- issues surrounding the affordability of such requirements, and options for securing the necessary investment.

The Review recognised the benefit that shared services had already brought, recommended the continued rollout of services across the Defra Network, and reported on options to ensure the affordability of the planned work. Since the presentation of that Strategic Review and acceptance of its recommendations by the Defra Management Board, SSD has been engaged in formulating ways in which the provision of services can be extended to new Defra Network customers and other work can be funded, including the identification of potential partners and partnership options.

A continued expansion of the customer base is planned for 2008-09. In addition SSD is working in partnership with the Defra Renew Programme to ensure that the necessary changes to transactional processes arising from the re-organisation of working arrangements within Core Defra are introduced in a timely fashion.

## Commercial management and procurement

Defra reported value for money savings to the Office of Government Commerce (OGC) of £99.3 million on an expenditure of £1.25 billion for the financial year 2006-07. As part of Defra's 2004 Spending Review Efficiency Programme, the Department is reporting cash savings of £41 million for the financial year 2007-08.

The Department has achieved through its 'Delivering Efficient and Effective Procurement Solutions' (DEEPS) Programme achieved efficiency savings in procurement of £101 million against the Gershon Efficiency Target of £30 million for the period April 2005 – March 2008. Key strands of the programme focus on embedding category, contract and supplier management into departmental procurement activity.

### Expenditure on professional services

The core-Department's expenditure on professional services in 2006-07 was £290 million. The category breakdown is as follows:

**Figure 18: Analysis of Professional Services Expenditure 2006-07**

Area	2003-04	2004-05	2005-06	2006-07
IT and Telecommunication	53	99	131	163
Management & Business Consultancy	20	79	44	29
Programme and Project Management	23	24	18	4
Research & Development	10	18	20	33
Specialist Consultancy	40	36	37	54
Temp Staff	9	10	10	7
<b>Grand Total</b>	<b>155</b>	<b>266</b>	<b>260</b>	<b>290</b>

(all figures are reported in millions)

The guiding criterion has been, and remains, value for money from the use of consultants and professional services where it is appropriate, and necessary, to utilise them as an alternative to building in-house capacity in supporting the department's strategies and objectives together with front line service delivery.

The e-procurement operational delivery has continued to provide financial management and control through the 'No Purchase Order, No Payment' policy, with good visibility of expenditure commitments and efficiency improvements in back-office functions provided by Defra Shared Services.

During the year the e-Procurement strategy was updated and agreed and identified further tools that will improve contract management and the procurement processes across all areas. The implementation of these tools will commence in the next financial year and aid the delivery of further procurement cost savings.

The containerised gassing system for disease control of poultry, developed as part of Defra's emergency preparedness capability, was utilised in the outbreak of H5N1 Avian Influenza in Suffolk in November 2007. The system was also used in response to an appeal for assistance from a major poultry producer on Humberside where poultry welfare was compromised during the flooding that occurred in the region in the Summer of 2007. Trialling of and contracting for whole house gassing to deal with larger poultry units in the event of Avian Influenza has been progressed with a contract awaiting ratification pending finance being made available through CSR07.



Contingency contracts continue to be let for the various services required to combat any outbreaks of animal diseases and new contracts have been placed for disposal under the National Scrapie Flocks Scheme to cover England, Scotland and Wales for the period 2008-10.

Procurement was involved fully in the control and eradication of Foot and Mouth Disease in Surrey during August – September 2007 and in the H5N1 Avian Influenza outbreak in Suffolk in November 2007. Standby has been maintained in respect of the outbreak of Bluetongue Disease and the H5N1 case in swans in Dorset. Guidance and contracts where required have been given in respect of a number of welfare cases, including the Skanda Vale matter.

The central procurement group (PCD) maintains a Business Continuity Plan and plays an active role as a member of the Disaster Recovery Management Team which is responsible for managing continuity of Government relocation and service continuity in the event of a major incident involving the loss of use of Defra buildings.

Defra has taken the lead on sustainable procurement across Government by committing to be performing at level 5 of the Sustainable Procurement Flexible Framework by Autumn 2008. The Sustainable Procurement Programme for Defra, led by PCD, captures Defra's existing leadership in the areas of food, travel and timber but also concentrates on other high sustainable impact sectors through category management strategies. As part of this programme, Defra is actively working with other government departments, and their executive agencies and Non-Departmental Public Bodies, to build capacity and embed sustainable development considerations into routine procurement practices via a suite of tailor-made sustainable procurement training courses. In addition, Defra recognises the importance of its suppliers and has commenced a programme of supplier engagement.

Good relations were established in 2007-08 with the Department for Children, Schools and Families and the School Food Trust to link the Public Sector Food Procurement Initiative (PSFPI) more closely with the programme to improve school food.

The PSFPI was reviewed in the autumn and the objectives modified to take account of changes in policy and approach, including the need to implement recommendations made by the National Audit Office and Public Accounts Committee for smarter food procurement in the public sector. A new guide *Putting it into practice*<sup>103</sup> was produced in December explaining the issues and how the objectives can be put into practice. A new more user-friendly catering services and food procurement toolkit has been published in February 2008.

Defra's Food Procurement Unit is currently consulting the Government Offices for the Regions on next year's PSFPI programme, as they are funded to run workshops for buyers and suppliers and projects to improve the supply of food into public bodies. Other priorities include continuing action to tackle obesity in support of the Cross-Government Strategy for England and acting on findings arising from the Cabinet

<sup>103</sup> <http://www.defra.gov.uk/farm/policy/sustain/procurement/pdf/psfpi-putting-into-practice.pdf>

Office Strategy Unit's report into food production and consumption in the UK, due in Spring 2008.

The UK timber procurement policy continues to promote good forest management and tackle the associated issues of illegal logging, deforestation and climate change. In 2007, Ministers announced a step change in the policy, requiring central departments in England to procure legal and sustainable timber from April 2009. This marks a further development in the government's commitment to becoming a sustainability leader by 2009.

The Central Point of Expertise on Timber (CPET) has continued to support Defra and offer free, invaluable advice and guidance to all public sector buyers and their suppliers. CPET also conducted a Construction Sector Pilot Study to help Defra determine the extent to which the current timber procurement policy has been implemented across the central government estate. Recent results suggest that there is some widespread awareness of the policy but more needs to be done to ensure all central departments are implementing the policy.

Defra also commissioned a Chatham House study in 2007, looking at local authority uptake of timber procurement policies in the North East, Yorkshire and the Humber region. Results suggest that more needs to be done to encourage local authorities to develop timber procurement policies. The recommendations from both the Construction Sector Pilot Study and the Chatham House report have fed into an implementation strategy which will aim to raise awareness, increase measuring and monitoring and encourage further reporting. Defra Minister Phil Woolas and Department for International Development Minister Gareth Thomas co-authored two articles aimed at engaging with both local authority procurement officials as well as local government suppliers. Defra is meeting with Lambeth Council to develop a case study of best practice which could provide a model for other local authorities.

Defra continues to build relationships with EU member states on timber procurement policies, and the UK has held further bilateral harmonisation meetings with Denmark and the Netherlands and developed a new dialogue with the Spanish government on timber procurement policy. The forthcoming EU Green Public Procurement Communication will be a further opportunity to build Council support for a coherent EU-wide approach.

PCD is striving for excellence in procurement, and continues to implement the actions documented within the HM Treasury 'Transforming Government Procurement' Agenda.

Providing effective and efficient processes is critical as a Service Delivery function. PCD is accredited to ISO 9001, is a member of the Chartered Institute of Purchasing and Supply (CIPS) 'Centre for Procurement Leadership', is actively pursuing accreditation against the CIPS 'Organizational Certification Excellence in Procurement Policies and Procedures (PPP)' Programme and compares its procurement services with the leading 2000 global organizations through the independent Hackett World Class Benchmarking study.

## Internal Audit

Internal Audit's primary role is to provide an independent opinion of assurance on risk management, control and governance, to Permanent Secretary, Helen Ghosh, the Departmental Accounting Officer. Internal Audit undertakes this role through a programme of agreed assignments, designed to address the main risks to the achievement of the Department's objectives. The recommendations arising from this work assist managers in improving the effectiveness of control, efficiency and value for money.

Internal Audit provided an assurance on the Department's system of risk management, control and governance for 2006-07. A risk-based programme of internal audit is being undertaken across the whole range of the Department's business in support of the Head of Internal Audit's opinion for 2007-08.

Defra's Audit and Risk Committee (ARC) is an advisory body which supports and advises the Accounting Officer on issues of risk, control, governance and other related matters. It also supports the internal audit, external audit and risk management roles within the Department. Defra's ARC has five members, of whom, four are independent, including the Chairperson who is a non-Executive Member of the Departmental Management Board.

The Internal Audit Strategy approved by the ARC, identifies and maps the assurance framework for the Department as the basis for determining the level of assurance required, from all available sources and to plan the required level of internal audit work. The results of the audit programme are detailed in the Head of Internal Audit's report to the Accounting Officer which, in turn, contributes to the department's Statement of Internal Control.

## Information Services

Defra's Information Services are essential to maintaining secure, efficient and effective ways of working in the Department. The Services are key to delivery of Defra's business strategy, Departmental Strategic Objectives, Public Service Agreement targets and major business change programmes.

Defra signed an outsource contract for IT services with IBM in 2004 and the Defra Network is benefiting from this relationship. During 2007-08 the Department has undertaken a review of the contract with IBM to further improve services and continued to increase take-up of the contract across the Defra Network.

As part of the Renew Programme, the Department is looking to work in a more flexible way in response to changing business needs and to operate in a more sustainable way. The Chief Information Officer's Directorate has developed and delivered a range of robust IT services to allow secure, mobile and 'greener' working practices, including energy star four compliant laptops. These services enables access to information from anywhere, at anytime supporting the more agile ways of working required by Renew, increasing productivity and reducing carbon emissions.



The wider Government agenda is a significant driver, in particular the Transformational Government Strategy and its remit to improve customer services across Government, to deploy shared services across departments, and to improve IT professionalism. The Department continues to have a number of successful Service Transformation projects such as International Trade Single Window, in partnership with HM Revenue & Customs and BusinessLink, Whole Farm Approach and SPIRE (Spatial Information Repository).

## Departmental Assets and Investment Strategy

The net book value of the fixed assets controlled by Defra including its Executive Agencies, Non-Departmental Public Bodies (NDPBs) and Public Corporations is approximately £4.5 billion. This includes flood and coastal defences held by the Environment Agency, and a major portfolio of land and buildings including internationally important laboratory and research facilities. Defra has published an *Asset Management Strategy*<sup>104</sup> for the three years 2008-09 to 2010-11 which outlines in more detail the assets held by the Department and its sponsored bodies, and explains how Defra will manage these across the Comprehensive Spending Review period. Assets that are no longer required for the Department's business are sold in accordance with the principles of Government Accounting which requires us to ensure best value for the tax payer. Defra, including its Executive Agencies and NDPBs, generated income of approximately £12 million in 2007-08 from the sale of its surplus assets. This included £9 million from the sale of Department owned farms, and over £1 million from the sale of properties owned by the Environment Agency.

Defra's Asset Management Strategy also outlines our capital investment plans for the period 2008-09 to 2010-11. Defra will be providing a total of £3.35 billion for investment over this period which will include:

- £530 million capital for the Domestic and International Environmental Transformation Funds to support the development and deployment of low carbon and energy efficiency technologies in the UK and to protect the environment and alleviate poverty in developing countries;
- over £1 billion for investment in flood defences;
- £270 million of capital grants to local authorities to invest for example in waste recycling facilities, air quality monitoring equipment, and land decontamination;
- more than £800 million to help improve the heating and energy efficiency of vulnerable homes; and
- £270 million to maintain and upgrade our asset base which underpins the work of the Department and its sponsored bodies.

<sup>104</sup> <http://www.defra.gov.uk/corporate/busplan/spending-review/index.htm#invest>

## Fraud awareness and prevention

Defra requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. The Department will not accept any level of fraud or corruption. As with other large organisations, the size and nature of the Department's services puts it at risk to loss due to fraud and corruption both from within the Department and from without it. The Department is committed to making sure that the risk of fraud and corruption is minimised.

The department has an anti-fraud and anti-corruption strategy which advises and guides staff on the approach to the serious issues of fraud and corruption. This strategy document includes a 'fraud response plan' which provides more detailed guidance on how to deal with fraud and corruption. The document sets out: Defra's responsibilities as a Department; how the Department expects its staff to behave; and explains the reasons why these procedures should be strictly adhered to.

All instances of internal fraud, including losses and thefts, are reported to HM Treasury which is incorporated in the annual Treasury publication – *Fraud report: an analysis of reported fraud in Government departments*<sup>105</sup> a copy of which can be obtained from the Treasury website.

## Estates and Sustainable Operations

### The Defra Estate

Defra Estates Division (ED) manage a diverse mixed national tenure estate of some 446,250 million square metres which supports the Core Department and its Executive Agency delivery bodies including the commercial estates of Natural England and the Commission for Rural Communities.

The Defra Estate comprises 224 sites ranging from traditional offices and state of the art science facilities to agricultural land and warehouses.

There are a large number of geographically dispersed properties within the estate, however the majority of the footprint is located within medium to large properties. The bulk of the portfolio is office space, with the other significant portion being experimental sites.

The portfolio may change over time in terms of specific properties, however the overall scale of the estate is unlikely to fluctuate materially.

In 2007-08 the holding cost of the Defra Estate was some £132 million. In addition to this Estates Division also managed a Capital Investment Programme which during 2007 spent less than £20 million.

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<sup>105</sup> [http://www.hm-treasury.gov.uk/documents/public\\_spending\\_reporting/governance\\_risk/psr\\_managing\\_risk\\_of\\_fraud.cfm](http://www.hm-treasury.gov.uk/documents/public_spending_reporting/governance_risk/psr_managing_risk_of_fraud.cfm)

## Estate Strategy

Since 2004 Defra Estates has adopted a Corporate Real Estate (CRE) approach as opposed to an in house accommodation management style offering. ED has relocated from London, Eastbury House, restructured the team and now has a comprehensive establishment of professional and property based practitioners who liaise with our externally held contract suppliers.

Defra Estates Division is now recognised as one of the most efficient Whitehall property functions based on the industry benchmarks of the number of Full Time Equivalents (FTEs) to total estate square metres.

The Principles of the Estate Strategy are founded on 4 cornerstones:

- location
- occupation
- sustainability; and
- resource priority

The strategy's success is delivered through business engagement and development of options to deliver real estate benefits to assist in the strategic aims and objectives of the business from both a Defra and Defra Network perspective.

## Development Programme

Capital development projects are designed to ensure that Building Research Establishment Environmental Assessment Method (BREEAM) Excellent status is achieved for new build and major refurbishments. Full environmental assessments are undertaken for smaller works and Office for Government Commerce (OGC) Minimum Standards are met to ensure that the benefits of sustainable development are realised. The ED development team work closely with stakeholders and suppliers to ensure that built solutions meet existing and future business needs.

The following capital development projects have commenced and are due for completion in 2008:

- Northumberland - Alnwick (£5 million);
- Norwich co-location (£5 million);
- York Kings Pool (£27 million);
- Veterinary Laboratory Agency: Data Science and Central Services Building – Weybridge (£23 million);
- VLA Stores Building - Weybridge (£4.5 million); and
- New Forest Park Authority and Centre for Environment Fisheries and Aquaculture Science. Detailed plans and appraisals have been developed for these new properties and the development process formally has commenced.



## Benchmarking the Defra Estate

A key element of the Government's requirement for Departments to effectively manage their assets is the need for Departments to have information that is accurate, complete and readily accessible. OGC has put in place the methodology for benchmarking the performance of buildings across the central government estate by closely working with Defra as an exemplar.

### Property performance measurement

Measuring efficiency and effectiveness of property and facilities management is a critical component of good estate management and provides opportunities for increased efficiency and delivery of savings. Additionally, measuring efficiency and effectiveness allows organisations to benchmark property against industry best practice informing strategic decisions about buildings and their impact delivery.

### Defra involvement

The Defra Network represents 24.2 per cent of the total covered by the OGC Benchmarking Exercise and has provided a wider range of properties than most Departments in order to get performance management information for the maximum number of sites.

Despite the fact that at the same time as the Defra Estate is rationalised and more staff are housed in fewer buildings the holding costs of the estate are generally increasing in terms of rent, rates, and services this is due to the increasing costs of Landlords service charges, the rent review patterns and the vagaries of the property market.

In all cases the Defra Estate meets or exceeds the OGC Benchmarking Average.

### Built environment sustainability

The December 2007 Sustainable Development in Government (SDiG) Report shows that Defra has made huge inroads into its performance in meeting the short and long term targets for Sustainable operations on the Government Estate (SOGE). Defra has now secured an overall rating of 4 Stars (where the top score is 5 Stars) for its performance against SOGE targets whilst achieving a 5 Star rating for its mechanisms. Defra was singled out as an exemplar in the report for its Carbon Management Programme.

### Sustainable operations on the Government Estate Targets

During 2007 detailed work was undertaken to produce performance improvement trajectories against each of the component SOGE target areas. These are supported by costed business models with detailed pay back periods which have been independently assessed and verified by experts from the Carbon Trust and Salix Finance.

### **Energy Efficiency Accreditation Scheme Accreditation**

In August 07 Defra became the first Government Department to be accredited by the Energy Efficiency Accreditation Scheme (EEAS) for its whole estate, including agencies. This is regarded as the gold standard in energy management by The Carbon Trust.

### **Estates Division and Defra as Sustainability Leader Programme**

During 2007 Estates Division (ED) became the Partner of Choice with several other Departments in relation to its innovation programmes on sustainability – including Home Office, Department for Communities and Local Government and the Department for Business Enterprise and Regulatory Reform. In addition, ED has also shared its programmes with members of the EEAS Network and other organisations such as Cardiff Police, Bexley Council and Marks & Spencer as well as presenting at the conferences of Royal Institute of Chartered Surveyors and other Professional Bodies.

### **Power Perfector programme**

Defra is the first Government Department to invest in a large scale rollout of Power Perfector (a voltage optimisation technology – delivering reduced energy consumption) with 13 units installed across nine sites (Nobel House, Eastbury House, Workington, Reading, Newcastle, Northallerton and the Central Science Laboratory (CSL) in York). A further 11 installations are planned for the current financial year including Whitehall Place, Northgate House, Reading and Block 25 CSL with an additional 20 planned for 2008-09.

### **Sustainable Built Environment Workplace Support Programme**

Sustainable Built Environment Workplace Support is not the same as Facilities Management (FM), It is planned to deliver the following key benefits to the Defra Network:

- Workplace delivery service improvement;
- Contract rationalisation;
- Value for Money;
- Efficiency;
- The ability to influence staff behaviour;
- Link to Defra Estate Strategy;
- Genuine innovation release;
- Aiding the delivery of sustainability targets;
- Raise third party capital; and
- Influence supply chain and industry.

## Scope

FM & Administration; Utilities Provision & Management; Statutory Compliance; Traditional Total FM Offering and Accommodation Occupancy Management.

Competitive Dialogue under the OJEU procurement procedures formally commenced in January 2008.

## Property Disposals Programme

ED work with the various Delivery Bodies to implement the Estates Strategy to ensure that the best use of the retained estate is made. Once sites are identified as surplus then Estates work in detail with retained consultants to ensure that the best value is achieved both in terms of HM Treasury Guidelines and Defra's wider strategic aims and objectives. This often involves detailed Town and Country Planning consultations.

Major disposals and progress are reported below:

### Cromwell House, London

Estates Division negotiated the surrender of the lease on commercial terms. This deal secured a revenue saving of £3 million from April 2008-10.

### Guildford

Further to the Management Board's decision to close the Guildford site and relocate staff and IBM, Estates have now developed and implemented plans to relocate staff and IBM to other locations. An application for outlining Planning Permission was submitted during 2007 and the site is planned for physical disposal in 2008. The competitive sealed bids are currently in evaluation and due for acceptance May 08 with completion July 08.

### London

Defra has off-set its running costs considerably by sub-letting office space at Eastbury House and Ashdown House to HM Treasury and the Environment Agency. Detailed negotiations are currently underway to completely remove Defra's liability from Page Street.

### Other Major Disposals

ED negotiated a commercial deal to allow ADAS to pursue its commercial interests whilst releasing surplus Department owned farms for disposal. During 2007 a total of four farms have been disposed of netting receipts of £9 million with a further £5 million due in 2008.



## Ministerial Correspondence

The Department centralised its handling of Ministerial and public correspondence in 2006 to provide a consistent and high performing service to the customer. In 2007-08, the Department handled:

- 23,876 letters and emails from the public;
- 13,932 letters from MPs and or stakeholders of some kind; and
- 120,145 telephone calls.

**Figure 19: Performance levels achieved for letters and emails from the public, and letters signed by Defra Ministers in the last two financial years** <sup>106 107</sup>

Type of correspondence	2006	2007
Ministerial correspondence <sup>108</sup>	49	68
Deal With Officially cases <sup>109</sup>	83	91
Departmental email <sup>110</sup>	78	93
Telephone calls <sup>111</sup>	97	95

(all figures are reported in percentages)

Defra has boosted performance substantially since 2006, and the introduction of centralised correspondence handling is now delivering continued improvement.

Looking ahead to 2008-09, volumes of correspondence are expected to remain high with climate change issues, waste and recycling, animal health and welfare, and legislation on the Marine environment, among other issues, continuing to generate both Parliamentary and public interest.

## People and performance

There has been significant progress since the launch of the People Strategy in 2006. High level outcomes include:

- a new business model and although it is in its infancy, Defra have established a Shared Services Organisation. The Senior Management Team of the Shared Services Directorate is taking forward work to further improve the performance of the new Organisation;
- the Strategic HR function which was established in April 2007 following a restructuring programme and Defra have achieved significant headcount reductions

<sup>106</sup> The performance target for letters and e-mails is to reply to 85 per cent of cases within 15 working days. For telephone calls, the target is to have 80 per cent of calls answered by an operator in 20 seconds or less

<sup>107</sup> Figures include all cases with Whitehall standard target date and exclude cases where no reply is needed. Figures do not include cases for other government departments or agencies which are reported separately.

<sup>108</sup> Letters signed by Ministers

<sup>109</sup> Letters signed by officials on behalf of Ministers

<sup>110</sup> Public enquiry emails handled by the Department's Customer Contact Unit

<sup>111</sup> Telephone calls received by the Defra helpline

as part of our commitment to deliver leaner, more cost effective and efficient corporate services. Defra are now in the Whitehall Upper Quartile;

- as part of our contribution to the Renew Programme, Defra have started to redesign HR business processes in order to simplify and make them more business friendly;
- a Talent Strategy , beginning with the Senior Civil Service then working through the organisation;
- a new Competence Framework which brings together the Leadership 'Big 5', Professional Skills for Government, and requirements of the renewed Defra.
- a new Reward Strategy; and
- taking forward work to introduce new arrangements for individual performance management.

Going forward, the key priorities for Strategic HR are around continuing to simplify and improve the business processes', supporting Development Managers and other managers in their people management and development responsibilities; and beginning to look at the medium and long term strategic issues both specific to Defra and in the context of Whitehall. Defra will also focus on strategic workforce planning, improving organisational capability including further developing our leadership and talent and implementing improved arrangements around performance management.

### **Pay and Reward**

The 2007 pay award, effective from 1 July 2007, was the second pay award following the conclusion of Defra's four-year, multi-year pay settlement and the award maintained the pay arrangements already in place. The general level of pay award was lower than in previous years which was inevitable given the Department's strong position in relation to pay levels in other Government departments and the general pay constraint across the public sector.

Defra are now focused on the development of a new pay and reward strategy, to be implemented from 1 July 2008, more suited to the business needs of the renewed Defra. This will be done in consultation and negotiation with the unions and with reference to public sector pay policy and affordability. It will build upon the structure already in place and will focus on:

- having a greater emphasis on market target rates;
- reviewing pay progression arrangements with a view to closer links to performance;
- addressing specialist pay both in terms of the traditional specialists and the newer specialists identified under the Professional Skills for Government (PSG) agenda; and
- the development of a total reward strategy.

## Performance Management

Raising the performance bar continues to be a key priority for Defra and with the imminent introduction of a new organisational model and flexible working practices, changes to existing performance management arrangements to support these new ways of working have been essential.

New arrangements for the 2008-09 performance year have been designed to respond directly to staff concerns about inconsistent performance management practices and the management of poor performers. The changes will help drive continuous improvement and staff motivation through revised policies and procedures and enhanced year-end assessment, performance differentiation and bonus payment policies.

## Professional Skills for Government

Defra took part in the Employees survey in 2007. The response to the survey was low, mainly due to the timing of the exercise and the launch of Defra's Voluntary Early Retirement and Severance scheme, however, the results showed that the majority of Defra staff believed they had the skills needed to achieve their roles. PSG is now an integral part of the Defra Competence Framework below Senior Civil Service to Grade 7.

## Learning and Development

This year, Defra's corporate Learning and Development (L&D) portfolio has been refocused in readiness to build the capability of staff with skills and behaviours which would enable them to be effective in delivering business outcomes in the new operating business model in Defra. There has been considerable work undertaken to design and develop learning solutions to address the strategic priorities identified by the capability review, focusing on Individual Performance Management, Policy, Programme and Project Management and Finance training. The development of the new business model, has created new roles and structures within the organisation and 2007 has seen the L&D team moving into a new strategic role supporting solutions to the organisational design rather than delivery of training products.

Other key milestones in 2007 include a review of online learning provision, resulting in better value for money and supports the phased implementation to e-learning. The online support is also aligned to NVQ accredited modules which will provide one platform for staff to begin to address the requirements of the Leitch Skills Pledge. The L&D IT training provision was also reviewed and negotiations have produced a better deal for the Department which will support the roll out of Renew IT.

The L & D strategy for the next 3 years will look to embed the learning interventions that support the Renew change programme, and the Government Skills Strategy.



## Talent and Leadership

Over the last year, Defra have carried out a Management Board Development Programme, giving the Board the capacity to reflect on how they operate as a working group and the opportunity to consider the key changes that they needed to make in order to better lead Defra through the critical Renew period and beyond. In February 2008, Defra started a Director Development programme, beginning with a 360° exercise, the analysis of which will help to shape the longer term Development Programme. The initial phase of the Programme are workshops focussing on change leadership.

Another key achievement over this period has been the development of a new competency framework which is underpinned by the PSG framework and incorporates the capability that is needed to achieve the strategic objectives over the next 3 – 5 years.

The high level Talent Framework has been shaped and the pathfinder activity has been put in place for a talent process for the SCS and also to implement the Grade 7 promotion board which identifies talent at SEO, HEO and HEO(D) levels. Defra have also begun a strategic review of the Fast Stream Programme.

## Board Appointments

The central team established to manage the process of making appointments to the Boards of Non-Departmental Public Bodies has continued to make improvements to both the process and providing value for money. This team works alongside the sponsor divisions, the Cabinet Office and the Office of the Commissioner of Public Appointments.

## Interchange

Defra continued to work with Government Offices, Agencies and other delivery agents and partners to encourage reciprocal Interchange arrangements and embed Interchange into ways of working. Defra regards Interchange as a key component to meeting its changing business agenda and will be re-visiting its Interchange strategy to make sure it fits business need.

## Staff Survey

The 2007 Defra Staff Survey was carried out in June and July. The purpose was to identify what drives engagement in Defra, to produce an evidence base on which action could be taken and inform future strategy both corporately and at team levels. Defra have moved away from 'satisfaction' and towards 'engagement', because it is a more meaningful entity to measure and nurture, with benefits for the individual (quality of working life) and Defra (improved organisational performance).

The survey results provide us with really useful information that can be used to keep improving the Department. There were very positive scores around our ways of working (gathering and responding to feedback and seeing things from a customer perspective)

and treating each other with fairness and respect. There were areas in need of further improvement and, at a corporate level, the following priorities for action were identified:

- Leadership;
- Change Management;
- Performance Management; and
- Personal Development Opportunities.

Action plans addressing these priority areas (at both corporate and team levels) are being implemented. Defra will measure the progress and impact of these actions on employee engagement with future surveys in 2008-09.

### **Diversity**

To ensure that Defra effectively meets the general and specific duties of the equalities legislation it has replaced the Joint Equality Scheme with three separate schemes. These separate schemes provide more focused and targeted activity in respect of disability, race and gender. Defra is also introducing Advisory Groups of external and internal disabled experts as a mechanism to enhance the execution of the new equality schemes and to ensure a wider perspective is taken into account in carrying out the action plans.

The strengthening of relationships with the staff networks and Trade Unions has enhanced partnership working on diversity initiatives, increasing their impact, effectiveness and reach. There has also been ongoing activity to support the Cabinet Office 10 point plan; 'Delivering a Diverse Senior Civil Service', including mentoring schemes for women, disabled staff and staff from ethnic minority backgrounds in management grades.

To further support the mainstreaming of diversity into the core business of Defra, the Diversity Equality Impact Assessment process has been embedded into the Departments policy and project planning processes. There has also been a significant investment in the training of decision makers and policy makers in the use of the revised Defra Equality Impact Assessment tool. This tool enables the potential impact that a policy, process or function may have on different groups to be assessed and addressed, both retrospectively and predicatively.

### **Corporate Social Responsibility and Wellbeing**

A draft strategy for wellbeing and Corporate Social Responsibility (CSR) at work has been developed for consideration by the Management Board. It takes a holistic view of people issues by incorporating them into a framework that highlights the close links between CSR actions and employee wellbeing, and supports the key employment aspects of staff recruitment and retention. In this way, the strategic framework aims to provide a clear rationale for the development and promotion of an ongoing activities programme within Defra that supports the achievement of the organisation's strategic

goals. Work is ongoing to embed this approach successfully within the organisational culture and working practices:

- effective conflict management – relaunch of the internal Mediation and Bullying and Harassment Advisory Schemes, refresher training for existing volunteers and the recruitment and training of new Bullying and Harassment Advisers;
- a relationship has been established with Defra's healthcare provider Atos Healthcare – a schedule of regular service planning and evaluation meetings with the Account Manager is now ongoing. There is regular communication with the three onsite Occupational Health Advisers based in London, York and Worcester and site visits have been undertaken to facilitate improved work planning and service evaluation; and
- raising awareness – a series of events have been held, including a Volunteering Fair, a 'Coping with Change' lunchtime seminar, health and wellbeing events for staff and managers to mark World Mental Health Day. Additionally, a new Employee Support Service external micro site that includes an online wellbeing tool for staff use was developed by the Department's Occupational Health provider and went live in February 2008.

Key initiatives and events for the coming year include facilitating a fully integrated approach to sickness absence management, piloting staff health screening, launching a domestic violence policy and a Carers' strategy, the annual Volunteering Fair, domestic violence awareness training for key staff, workplace activities to mark Carers' week, bi monthly health promotion presentations, developing a new programme of work-life balance awareness raising sessions and information materials for staff.



**Figure 20: Core Defra men, women, part-time, ethnic minority, and disabled staff by grade January 2008**

Grade	Men	Women	Part Time staff	Ethnic Minority staff	Disabled staff
SCS	71.5	28.5	7.6	4.2	1.9
grade 6	62.3	37.7	12.3	3.5	4.9
grade 7	59.4	40.6	10.4	6.0	3.4
SEO	57.1	42.9	6.6	6.5	3.2
HEO	52.1	47.9	5.9	11.5	4.4
EO	43.5	56.5	8.0	27.3	6.4
AO	38.7	61.3	12.2	33.0	6.9
AA	57.1	42.9	18.5	22.7	12.7
<b>TOTAL</b>	51.9	48.1	8.9	16.1	5.0

(all figures are reported in percentages)

**Figure 21: Defra Network men, women, part-time, ethnic minority and disabled staff by grade January 2008**

Grade	Men	Women	Part Time staff	Ethnic Minority staff	Disabled staff
Senior Civil Servants	73.6	26.4	6.7	3.5	2.1
grade 6	67.6	32.4	8.2	2.3	5.0
grade 7	62.7	37.3	11.4	4.5	3.6
SEO	61.4	38.6	10.3	4.9	4.4
HEO	52.6	47.4	11.0	7.2	5.6
EO	44.2	55.8	13.6	9.1	8.3
AO	36.2	63.8	20.8	10.6	12.2
AA	38.8	61.2	26.2	7.0	11.2
<b>TOTAL</b>	48.0	52.0	14.9	7.8	7.8

(all figures are reported in percentages)



**Chapter 10:**  
Defra's delivery partners





## HIGHLIGHTS DURING 2007-2008

The Environment Agency responded successfully to major flooding events across England during 2007. They also reported a reduction in the number of serious and significant pollution incidents compared with the same period last year.

The Animal Health's and the Veterinary Laboratory Agency's emergency response capabilities were fully tested as part of Defra's response to the Foot and Mouth Disease, Avian Influenza and Bluetongue outbreaks.

As part of the 2006 Single Payment Scheme Rural Payments Agency achieved the EU requirement of paying 96.154 per cent of total fund value by 30 June 2007.

A decision was taken to create a new Regulatory Science Agency (working title) from the Central Science Laboratory and Defra's Plant Health Division, Plant Health and Seeds Inspectorate and the Plant Variety Rights Office and Seeds Division.

Following a public consultation exercise Pesticides Safety Directorate will join the Health and Safety Executive from 1 April 2008.

The Veterinary Laboratories Agency's audit acknowledged the Agency as a 'recognised centre of excellence' and rated the science 'good' overall.

Centre for Environment Fisheries and Aquaculture Science has achieved an increase of 30 per cent of competitively-won non-Defra income and strengthened relationships across the wider Defra Network thus achieving a high degree of confidence in its business transformation plans. Significant progress has also been made in organisational change, laboratory closure and new premises projects that underpin the transformation.

Natural England made a significant contribution to the record annual improvement of 7.3 per cent in the condition of Sites of Special Scientific Interest (SSSIs) achieved in 2007-08. This brought the percentage of SSSI land in favourable or recovering condition to 82.7 per cent and helped to make up some of the shortfall from last year. Much of the improvement was achieved through Environmental Stewardship agreements, and was a key outcome from the 4.7 million hectares of land entered into the scheme during the year.

For British Waterways (BW), Telford's Pontcysyllte Aqueduct on the Llangollen Canal was selected as the UK candidate for UNESCO World Heritage Status. Also significant for BW was taking forward construction of a new lock and water control structures on waterways by the Olympic Park which will enable large river barges to access the Olympic Park and Legacy developments by water, helping to take up to 1,200 lorry journeys per week off local roads and save up to 4,000 tonnes of CO<sub>2</sub> in build up to the Olympics.



## Overview

Providing services around customer needs is a key theme of Defra's Capability Review and this year has seen significant enhancements to the effectiveness of the relationship between the Department and its delivery bodies. Positive stakeholder feedback about the speed, professionalism and flexibility of Defra's response to the summer flooding and disease outbreaks has signalled an improvement in policy/delivery relationships, which have been strengthened by new governance structures for Executive Agencies and Non-Departmental Public Bodies (NDPBs).

Actions taken include:

- implementing our action plan for governance of delivery to improve and clarify Defra's relationships with its delivery bodies. Taking action to promote a partnership approach and to ensure that the right skills, structures and behaviours are embedded to promote good governance;
- appointing a Defra delivery body representative as a non-executive director on the Defra Management Board; and
- establishing a formal programme whereby Environment Agency, Natural England, Rural Payments Agency and Animal Health have active biannual engagement with Defra ministers and share performance information with Defra's Management Board.

In taking these actions forward the Department has:

- defined and clarified governance structures and accountabilities;
- held conferences for delivery body Chairs and Chief Executive Officers which have led to proposals for 'Deals' being developed between Defra and delivery bodies to set the context for their work that go beyond the formal arrangements already in place and encourage true partnership working; and
- ensured that the policy cycle developed to provide a common approach to policy development across the department embeds both a customer focus and involvement of delivery partners throughout.

## Looking forward to 2008-2009

Defra will continue to take forward outstanding elements of the governance of delivery action plan such as enhancing interchange between core Defra and delivery partners and start implementing the new policy cycle.

The Defra Collaboration Group (DCG) secretariat undertook a review of the DCG at the start of 2007, in line with a recommendation by the Capability Review. Based on this review and discussions with members of the DCG, the Defra Network Delivery Group (DNDG) was created.

The DNDG will maintain a strategic focus on how Defra can best deliver services to customers and look for opportunities for working in partnership with the Defra Network to realise this ambition. At the start of 2008-09, the group was in the process of agreeing the way forward for the Whole Farm Approach (WFA) having, subject to

the business case and funding, endorsed the principle that for English farmers the e-channel services of the Rural Payments Agency, Animal Health and Natural England will be made available via the WFA. The benefits of the WFA for our customers include having one point of contact for on-line farm related government services, having fewer requests for information and being able to see what information is held about their farm and ensuring it is correct.

Defra has also taken forward work to act on the recommendations of the Capability Review to see ourselves as customers see us. This has included:

- appointing a Director of Customer Focus and Regulation with responsibility for improving understanding and engagement with customers;
- developing insight from existing research on key customer groups and carrying out new research where needed;
- developing a business engagement programme, to enable regular dialogue between Ministers and senior officials and business; and
- carrying out work across the Department to understand our customers better, for example the recently published Framework for pro- Environmental Behaviours.

## Defra's delivery partners

Currently there are more than seventy diverse delivery partners that help Defra to deliver its strategic priorities. Some are Executive Agencies which report directly to Defra; others are Non-Departmental Public Bodies (NDPBs) which are accountable to their boards and to ministers. Together these organisations are part of Defra's 'delivery network'. They vary enormously in size, structure and influence – ranging from the Environment Agency an Executive NDPB with over 12,000 employees and a budget of £1 billion, the Sea Fish Industry Authority a levy board with 95 employees and a budget of over £11 million whose aim is to raise and maintain the standards of the fishing industry, nine National Park Authorities throughout England of varying sizes, conserving all aspects of the National Parks (heritage, wildlife etc) to the Advisory Committee on Organic Standards – an advisory NDPB – which is comparatively small. These are just a few examples. Defra also has a user friendly internet tool to illustrate and provide information relating to the partners that help Defra to deliver its strategic priorities<sup>112</sup>.

This Report, will focus on the performance of the nine Defra Network executive agencies the performance of the Forestry Commission and some of Defra's other key public bodies such as the Environment Agency, Natural England and British Waterways.

## Executive Agencies

Ministers and the Defra Management Board agreed this year on the future strategic direction of the Central Science Laboratory (CSL) and the Pesticides Safety Directorate (PSD) in the context of Defra's Laboratory Strategy Programme and implementation of the Hampton Review of inspections and enforcement. CSL will merge with Defra's Plant

<sup>112</sup> [www.defra.gov.uk/corporate/delivery/landscape/index.htm](http://www.defra.gov.uk/corporate/delivery/landscape/index.htm) <http://www.defra.gov.uk/corporate/delivery/landscape/priorities/index.htm>

Health Division Plant Health and Seeds Inspectorate and the Plant Variety Rights Office and Seeds Division to create a new Regulatory Science Agency (RSA). Following a public consultation exercise on the future of PSD, Ministers agreed that PSD would join the Health and Safety Executive from 1 April 2008.

## Looking forward to 2008-09

In the coming year, Defra will continue to progress the implementation programme for the RSA, which will operate in shadow form during 2008-09 prior to vesting on 1 April 2009. It is also intended that a public consultation will be undertaken on the future of the Veterinary Medicines Directorate in the context of the recommendations on structural changes in the Hampton Review.

## Rural Payments Agency<sup>113</sup>.

### Issues

**There is a significant risk of the EC imposing penalties in respect of implementation of the Single Payment Scheme in 2005 and 2006.**

Rural Payments Agency (RPA) is Defra's largest executive agency, providing a range of services including; claim processing, making payments, carrying out inspections, recording animal movements and maintaining information on land, livestock and customers.

RPA contributes directly to Defra's Strategic objectives and intermediate outcomes particularly 'a thriving food and farming sector', 'strong rural communities' and 'a respected department'.

RPA's main priority during 2007-08 continued to be the Single Payment Scheme (SPS). For the 2006 Scheme year RPA successfully achieved the EU requirement of paying 96.154 per cent of total fund value by 30 June 2007. Further improvements in administering and managing the SPS have led to payments for the 2007 Scheme starting in December 2007, earlier than previously. By the end of February RPA had achieved its first formal target of making 75 per cent of full payments, by value, by the end of March. RPA is on track to meet its second formal target of making 90 per cent of full payments, by value, by the end of May 2008.

RPA has also made progress with other aspects of the Agency's recovery including IT enhancements to support the move to whole case working and to enable processing of transferred entitlements, reviewing around 30,000 claims and where necessary making adjustments to details within the claims, beginning a leadership training programme for senior staff and a SPS training programme for processors.

<sup>113</sup> [www.rpa.gov.uk](http://www.rpa.gov.uk)



**Figure 22: Funding in 2007-2008**

Area	2007-08
RPA Running Costs	217.1
Running Cost Depreciation and Cost of capital	18.4
Running Cost Appropriations in Aid	-0.8
Capital	25.1
Net Scheme Costs (Exchequer Funded) – Other	11.0
Net Older Cattle Disposal Scheme (OCDS)	30.0
Other Paying Agencies cost of Capital	5.4
Notional charges	1.4
Total Del Budget	307.6

(all figures are reported in millions)

## Key Developments during 2007-2008

RPA has:

- for SPS 2006, achieved the EU requirement of paying 96.154 per cent of total fund value by 30 June 2007;
- started and made more SPS 2007 payments earlier than in previous years and achieved its first formal target of making 75 per cent of full payments, by value, by the end of March;
- made progress towards an operation based around whole case working, automating data checks and bringing manual processes into the core IT system;
- improved management information and reporting;
- kept all RPA non SPS subsidy activities stable and on target;
- supported Defra initiatives to provide additional assistance to farmers affected by flooding and Foot and Mouth Disease;
- made governance and internal changes to become more efficient and customer focused;
- undertaken a significant recruitment campaign to stabilise the organisation moving from temporary and fixed term contracts to an 80 per cent permanent workforce; and
- initiated extensive programmes of leadership and scheme specific training.

## Looking forward to 2008-2009

RPA plans to:

- further improve the payment profile for SPS payments;
- improve the accuracy of the payments made by the Agency;

- continue the improvements to the core IT system (RITA) to further enable whole case working and provide a flexible system which can easily accommodate changes;
- reduce administrative costs; and
- work closely with Defra to contribute to the Government's Service Transformation agenda

**Veterinary Laboratories Agency<sup>114</sup>.**

The Veterinary Laboratories Agency (VLA) provides Defra and other Government customers with specialist veterinary research, consultancy, surveillance and laboratory services; as well as an emergency response capability.

The Agency works closely with other delivery partners across the Defra network and beyond, to ensure that customers' needs are met.

**Figure 23: Funding in 2007-2008**

Customer	2007-08
Defra – surveillance & reference laboratories	77.2
Defra – research	21.0
Defra – other	0.4
Food Standards Agency	2.2
Other Government	0.5
Commercial	9.1
EU etc.	1.2
<b>Total</b>	<b>111.6</b>

(all figures are reported in millions)

Figures are estimates taken from the VLA Annual Plan 2007-08. Final figures will be available in May 2008 and published in VLA's Annual report and Accounts 2007-08.

**Key Developments during 2007-2008**

These include:

- during September 2007 VLA was subject to an independent science audit as part of Defra's Quinquennial Science Audit Programme. The audit team chaired by Professor Quintin McKellar, Principal of the Royal Veterinary College, examined the quality and value for money of the Agency's science as well as the scientific outputs over the last five years. In their report they acknowledged VLA as a 'recognised centre of excellence' and rated the science 'good' overall, with many areas of scientific excellence; and

<sup>114</sup>Further information can be found on the Veterinary Laboratories Agency's website: [www.defra.gov.uk/corporate/vla/](http://www.defra.gov.uk/corporate/vla/)

- the Agency's emergency response capability was fully tested as part of Defra's response to the Foot and Mouth Disease, avian influenza and bluetongue outbreaks. The contribution of the Emergency Serosurveillance Team, comprising VLA and Animal Health staff, was recognized via an 'Outstanding' Defra Team Award 2007.

VLA won two awards at the Animal Pharm Awards Ceremony held in London in September:

- the British Veterinary Association Best Veterinary Laboratory Award;
- the industry Excellence Award for the Outstanding Licensing Deal of the Year (a joint award between VLA and Qiagen); and
- the Agency's new Animal Services Headquarters – the Mills Building – won a prestigious Green Apple Award for the 'National Green Champion in Government'. Professor David Bellamy presented the award at the House of Commons.

## Looking forward to 2008-2009

During 2008-09:

- a full strategic analysis of VLA's business will be conducted, which will be the foundation for the Agency's five year corporate strategy running from 2008-09. A key feature will be to address the recommendations made in the VLA science audit 2007;
- the new Weybourne Building will be completed during summer 2008. The building will house all VLA's administrative staff as well as a new office suite for the Centre of Epidemiology and Risk Analysis; and
- development work will continue on the new shared facility virology laboratory at the Institute of Animal Health Pirbright site

## Central Science Laboratory<sup>115</sup>

The Central Science Laboratory (CSL) provides research and information services covering agriculture, food and the environment to Defra, other UK Government Departments and industry and to governments and industry around the world. It is located in a purpose built laboratory complex just outside York and employs nearly 700 staff, including over 500 scientists.

CSL's primary aim is to provide Defra with an efficient and competitive service in scientific support, research and advice to meet both statutory and policy objectives and Defra's Public Service Agreement targets. Its work programme is divided between four main areas:

- a healthy environment;
- sustainable land use;
- a safe food supply chain; and
- resilience against contingency events.

<sup>115</sup> Further information about CSL, and the Agency's Annual Report and Accounts, can be found at: [www.csl.gov.uk/](http://www.csl.gov.uk/)



Figure 24: Funding in 2007-2008

Customer	2007-08
Defra – Research, Development and Support	31.2
Food Standards Agency	2.0
Other UK Government	2.1
EU	2.6
Overseas and commercial	10.1
Total	48.0

(all figures are reported in millions)

Key Developments during 2007-2008

Key achievements include:

- CSL has been successful in the Food Standards Agency tendering process for National Reference Laboratory (NRL) status in five areas – Veterinary Parasitology; Dioxins/PAHs; Metals; Mycotoxins and Food Packaging. When added to the existing NRL status of CSL for Veterinary Drugs (part) and Pesticides (3), this significantly strengthens CSL’s position as a ‘National Laboratory’ in food chemistry and surveillance in particular;
- following a long running programme, CSL’s work on badgers and bovine tuberculosis is having an influence on Government policy. Its work includes provision of scientific evidence based on long-term and detailed ecological studies of bovine tuberculosis in badgers to inform policy on the management of this disease. During the past year CSL published 11<sup>116</sup> papers covering this area, one appearing in the journal *Proceedings of the Royal Society B – Biological Sciences*; and
- CSL was recently awarded several short contracts relating to the Defra Environmental Stewardship Scheme and the Agricultural Change & Environment Observatory.

Looking forward to 2008-2009

During 2007–08 the Defra Management Board and Ministers agreed that a new agency should be created out of CSL, Defra’s Plant Health Division, Plant Health and Seeds Inspectorate, and the Plant Variety Rights Office and Seeds Division. A new Chief Executive Officer (CEO) – given the impending retirement of the current CEO in May 2008 – was appointed in February 2008.

The new agency will be established ready for vesting on 1 April 2009. This will involve completion of a number of areas of work including:

- development of a realistic business plan and strategy;
- agreeing governance arrangements;
- staff terms and conditions.

<sup>116</sup> [www.csl.gov.uk/newsAndResources/resourceLibrary/search.cfm](http://www.csl.gov.uk/newsAndResources/resourceLibrary/search.cfm)

Centre for Environment, Fisheries and Aquaculture Science<sup>117</sup>

Centre for Environment, Fisheries and Aquaculture Science (Cefas) works alongside Government and other agencies, both in the UK and internationally, to play a vital role in securing healthy marine and freshwater environments for everyone’s wellbeing, health and prosperity. This includes providing leadership in understanding the challenges presented by climate change on aquatic environments and ecosystems, and associated options for mitigation and adaptation.

This is achieved by providing evidence-based scientific advice, managing related data and information, conducting world-class scientific research, and facilitating collaborative action through our wide-ranging international relationships.

In 2007-08, about £35 million (74 per cent) of Cefas’ £47 million income was derived from work on behalf of Defra. Other key customers include the Food Standards Agency (£5 million) and the EU (£2 million). All its work is delivered through contracts.

Cefas supports delivery of Defra’s Public Service Agreement objectives and intermediate outcomes by applying its expertise and knowledge to:

- conserve and enhance marine and wider aquatic environments and ecosystems;
- ensure sustainable use of natural resources, in particular fish stocks;
- collect, interpret and manage data to underpin decisions and to support long term monitoring;
- protect society and the economy from the effects of aquatic contaminants and fish diseases;
- promote adaptation to the impacts of climate change on the aquatic environment and ecosystems; and
- enable Government and other customers’ response to emergencies.

Figure 25: Funding in 2007-2008

Customer	2007-08
Defra – core delivery	30.1
Defra – other including programme management	4.8
Food Standards Agency	4.5
Other UK Government	2.8
Commercial & Overseas	3.1
EU	1.7
Total	47.0

(all figures are reported in millions)

<sup>117</sup> Information about Cefas, including Annual Reports, is found at: [www.Cefas.co.uk](http://www.Cefas.co.uk)

## Key Developments during 2007-2008

There were a number of key developments in 2007-08:

- Cefas has a new Chief Executive Officer who has led a refreshment of vision, purpose and values of the organisation and revised the delivery structure accordingly;
- implementation of a 10-year agreement between Defra and Cefas that covers the provision of a range of scientific services;
- Gershon efficiency savings exceeded, delivering 5.8 per cent savings in Corporate functions and greater than planned headcount reductions to support Defra;
- an increase of £2.8 million (30 per cent) in competitively-won non-Defra income, and strengthening of relationships across the wider Defra Network; and
- good progress on major projects that underpin long term objectives, in particular Waveney Campus and Burnham-on-Crouch relocation.

## Looking forward to 2008-2009

Key developments will be to:

- relocate the Burnham-on-Crouch Laboratory staff and work to Lowestoft, the early delivery of a major milestone in Cefas Corporate Strategy;
- enhance project management processes and systems;
- reinforce university links through a joint funded post and strengthened interactions with the University of East Anglia;
- develop and deliver a Leadership Programme for senior managers; and
- continue to progress a range of other transformation projects, including working with local government partners on the Waveney Campus project.

## Pesticides Safety Directorate<sup>118</sup>

The Pesticide Safety Directorate (PSD) was an Executive Agency of Defra up until 31 March when it became an Agency within the Health and Safety Executive. During 2007-08 as part of Defra the PSD had the following aims:

- to ensure the safe use of pesticides and detergents for people and the environment;
- to harmonise pesticide regulation within the European Community and provide a level playing field for crop protection;
- as part of the strategy for sustainable food and farming, to reduce negative impacts of pesticides on the environment.

PSD's responsibilities link directly to Defra's Departmental Strategic Objectives and in particular; a healthy, resilient and productive natural environment; a thriving farming and food sector, with farming making a net positive contribution; and a respected department delivering efficient and high quality services and outcomes. PSD also contributes to a number of Defra's intermediate outcomes in other areas, primarily to

<sup>118</sup> Information about PSD, the Agency's Annual Report and Accounts can be found at [www.pesticides.gov.uk](http://www.pesticides.gov.uk)



the ‘protection of the economy, human health and ecosystems from environmental risks and emergencies’ but also those relating to safeguarding biodiversity, water quality, profitable and competitive farming, and reducing the global impact of UK food production and consumption.

Funding in 2007-2008

In 2007-08, about 57 per cent of PSD’s costs were met by industry with the remainder funded by Defra plus a small income stream for EU funded work and from contracts with Other Government Departments. This broad balance of funding is expected to largely continue in 2008-09. PSD has reviewed its current fees and a new charging structure will be in force from 2008-09.

Figure 26: Funding in 2007-2008

Activity	2007-08
Fees	3.983
Levy	3.654
Defra	5.167
European Union	0.333
Other Government Departments	0.185
Total	13.322

(all figures are reported in millions)

Performance during 2007-2008

These include:

- achieving re accreditation of our Investors in People status;
- achieving our Defra headcount reduction target for this year;
- successfully delivering applications for pesticide approvals to the required completion targets and maintaining appropriate high standards for protection of people and the environment;
- working with European counterparts on a Regulation which will introduce, from 2008, a fully harmonised EC Regime for setting and monitoring Maximum Residue Levels;
- working with European counterparts to develop a new Authorisation and Marketing Regulation which will deliver a more co-ordinated and transparent approach to pesticide approvals across the EC;
- ensuring that the proposed Sustainable Use Directive contains measures which are proportionate and take account of the contribution which collaborative and voluntary approaches can make to minimising any risks from pesticide use;
- consulting on extending the UK Pesticides Strategy to embrace activities related to human health as well as environmental risks;

- taking forward a number of actions in support of Defra's Better Regulation initiative including: developing work sharing of pesticide safety evaluations with other Member States; simplifying and consolidating legislation; ensuring that the EC Thematic Strategy for Pesticides is developed in a manner consistent with the Government's better regulation agenda; providing Small Business, Bio-pesticide and Grower champions, particularly to help companies developing 'alternative' pesticides;
- successfully completing a pilot study to assess the feasibility of disclosure to neighbours of farmers' records of pesticide treatment;
- successfully completing EC funded Twinning Projects in training regulatory authorities in Slovakia and Croatia. PSD won a new twinning project in Estonia and European Food Safety Authority (EFSA) contracts to develop guidance for operator and consumer risk assessment; and
- adopting a new Sustainable Development Action Plan for the agency

## Looking forward to 2008-2009

Key challenges and the objectives they relate to are as follows:

- ensuring PSD's business operation maintains current high levels of service following the merger with Health Safety Executive. During the first 12 months PSD will be focused on bedding-in new arrangements and maintaining stability whilst a formal review is carried out to evaluate management and organisational structures and assess potential areas for closer working and rationalisation;
- ensuring that enforcement of rules on pesticide sale, supply and use continues in collaboration with range of delivery partners;
- achieving UK objectives for a proportionate, risk based, transparent and more co-ordinated pesticides regime in final negotiations on the new Authorisation and Marketing Regulation, and the Sustainable Use Directive;
- completing a consolidation and simplification of UK pesticides legislation;
- delivering an approvals service that is efficient and flexible, consistent with relevant legislation and with application processing targets that meet the requirements of applicants;
- working with the Commission and EFSA to complete the European review programme and develop more efficient peer review procedures;
- pursuing work sharing opportunities both globally and at an EC level;
- continuing to gain and deliver EC twinning contracts and other international projects through the provision of bespoke advice and training; and
- ensure the proposed refurbishment of PSD's offices in York is carried out with the minimum disruption to staff and our business.

Veterinary Medicines Directorate<sup>119</sup>

The vision of the Veterinary Medicines Directorate (VMD) is the responsible, safe and effective use of veterinary medicinal products. In working towards achieving this vision the VMD aims to protect public health, animal health, the environment and promote animal welfare by assuring the safety, quality and efficacy of veterinary medicines. The VMD is an outward facing organisation with a strong focus on the needs of its customers and stakeholders. Veterinary medicines also play a key role in delivering the aims of Defra’s Animal Health and Welfare Strategy.

Funding in 2007-2008

In 2007-08, around 77 per cent of VMD’s costs were met by industry with the remaining 23 per cent being funded by Defra. Defra expect this balance to continue to shift towards industry over the next 12 months. The VMD also received reimbursement for assessment work performed on behalf of the European Medicines Evaluation Agency. Overall cost recovery for 2007-08 is currently forecast to be 101.7 per cent.

Figure 27: Funding in 2007-2008

Area	2007-08
Fees from industry	11.1
Defra	3.3
Total	14.4

(all figures are reported in millions)

Performance during 2007–2008

Key developments included:

- the Veterinary Medicines Regulations 2007 came into force in October 2007 and introduced changes to clarify some of the provisions of the 2005 and 2006 Regulations following additional comments from stakeholders. They are the result of the anticipated annual update to the Regulations and provide a single set of current legislation on veterinary medicines;
- work continued with stakeholders on the Pollution Reduction Programme following the suspension of the Marketing Authorisations for Cypermethrin sheep dips because of environmental incidents from their use;
- the annual revision of the menu based fee system to bring the cost of applications for new Marketing Authorisations more in line with the volume of work required to consider them;
- negotiations began on proposals to revise the EU maximum residue limit regulations;
- the Commission announced proposals to amend the Variations regulations;

<sup>119</sup>Further information can be found on the Veterinary Medicines Directorate’s website at: [www.vmd.gov.uk](http://www.vmd.gov.uk)



- the ongoing implementation of the change programme aimed at ensuring the VMD is in a good position to deal with developments over the next five to ten years;
- following the coming into force of the Freedom of Information legislation in January 2005 Defra have dealt with 100 requests within existing resources; and
- accreditation under BS7799 Security Standard for the provision of IT systems and services was maintained.

## Looking forward to 2008-2009

The VMD Business Plan available on the VMD's website sets out the strategy for the VMD over a three-year period, which is taken forward and delivered by a series of projects directed towards continuously improving the VMD's efficiency and effectiveness.

VMD's key drivers for the future will be:

- the economic state of the veterinary pharmaceutical industry and its affect on the volume of licensing work the VMD receives;
- continuing negotiations on changes to EU legislation on residues and variations;
- developing and implementing a UK policy on minor markets to help improve the availability of veterinary medicinal products;
- the outcome of the public consultation in 2008 on the future structure of the VMD following the recommendations contained in the Hampton Report 'Reducing Administrative Burdens: Effective Inspections and Enforcement'; and
- the continuing development of a European Network of medicine regulatory authorities, the European Technology Platform and the continuing expansion of the European Union.

## Animal Health<sup>120</sup>.

Animal Health (AH) works to minimise the risk and impact of notifiable animal diseases, for the protection of public health and the economy throughout Great Britain. Animal Health also regulates the trade in endangered species and in England and Wales works to protect public health by ensuring that dairy hygiene and egg production standards are met.

<sup>120</sup> <http://www.defra.gov.uk/animalhealth/>

Figure 28: Funding in 2007-2008

Area	2007-08
Staff costs	61.40
Local Veterinary Inspector costs	19.23
Other (excluding outbreaks)	8.70
Disease outbreak costs (year to December 07)	14.01
<b>Operational Activity</b>	<b>103.34</b>
<b>Development Activity</b>	
Business Reform Programme	9.93
Livestock Partnership Programme	1.60
<b>Total Resource DEL</b>	<b>114.87</b>
<b>Capital</b>	
Business Reform Programme	12.00
Estates	3.65
<b>Total Capital</b>	<b>15.65</b>
<b>Overall Total Expenditure</b>	<b>130.52</b>

(all figures are reported in millions)

### Performance during 2007-2008

- rapid containment and eradication of incursions of Avian Influenza, Foot and Mouth Disease (FMD) and Bluetongue;
- for FMD, Animal Health met the intensive surveillance and sampling requirements, needed to facilitate opening up trade as soon as possible. 7,000 individual visits were made and 48,000 samples taken;
- at the end of 2007, a concerted effort on meeting welfare cross compliance inspection obligations, has resulted in completely clearing the backlog caused by the disease outbreaks; and
- Animal Health has continued to make progress with its Business Reform and Livestock Partnership programmes and has implemented a new operational structure.

## Looking forward to 2008-2009

Animal Health will:

- continue to focus on meeting its operational targets;
- review the deployment of resources in disease emergencies and produce proposals for improvements;
- implement parts of its Business Reform Programme, focussing initially on customer contact;
- conduct work to improve its understanding of its customers and the requirements of the different sub-groups within them (including policy customers in each GB administration);
- continue to develop working relationships with industry, for example through the Livestock Partnership Programme. Animal Health will also be focussing on working relations with operational partners, such as Official Veterinarians and Local Authorities; and
- seek to achieve efficiencies through simplification of processes, improvements in systems and any necessary reorganisation.

## Marine and Fisheries Agency<sup>121</sup>

The Marine and Fisheries Agency's (MFA) undertakes a wide range of delivery functions and responsibilities for Defra in the marine environment and marine fisheries. These include:

- fishing vessel licensing;
- management of UK fleet capacity;
- enforcement of sea fisheries legislation and implementation of EU marketing regime;
- management of UK fisheries quotas;
- biological sampling of fish and shellfish;
- fishing industry grants and UK state aids;
- Data Collection Regulation (EC) 1543/2000 and the management, recording and provision of data on fishing activities and catches;
- licensing of marine consents for construction, dredging and disposal and monitoring, control and enforcement of marine construction sites;
- monitoring, control and enforcement of the Offshore Marine Conservation Regulations; and
- major oil spills and pollution incidents at sea – approval of treatment products and coordination of environmental aspects of emergency response.

<sup>121</sup> Further details can be found on the Marine and Fisheries Agency's website at: [www.mfa.gov.uk](http://www.mfa.gov.uk)



**Figure 29: Funding in 2007-2008**

Area	2007-08
Running costs	8.8
Surface Surveillance	6.4
Aerial Surveillance	1.8
Satellite Monitoring	0.2
IT Project and system management	0.2
Structural grants under Financial Instrument for Fisheries Guidance	17.7
Total gross	35.1
Less Programme income	1.0
Less EU contribution	9.6
<b>Total net</b>	<b>24.5</b>

(all figures are reported in millions)

## Performance during 2007-2008

Include:

- further implementation of UK-wide IT systems for cross-checking key management data;
- the creation of a National (England & Wales) Strategic Liaison Group comprising Marine and Fisheries Agency, Sea Fisheries Committees and the Environment Agency to increase inter-agency cooperation for more effective fisheries enforcement, a better service for the fishing industry and greater value for money;
- simplification to the arrangements for issue of fishing vessel licences;
- Integration into the Agency of new marine environment teams from core Defra and the Department for Communities and Local Government;
- management of new marine minerals regulations;
- management of new offshore marine regulations, enforcement and wildlife licensing; and
- launch of new redeveloped internet and intranet sites.

## Looking forward to 2008-2009

Some key developments and challenges will be to:

- continue the programme of transition towards a possible Marine Management Organisation;
- launch the 2007-13 European Fisheries Fund;
- implement a revised management regime for English and Welsh inshore fishing vessels (10 metres and under);

- implement regulations and systems for electronic reporting of sales notes; and
- implement a system of administrative penalties for fisheries offences

**Government Decontamination Service<sup>122</sup>.**

The purpose of the Government Decontamination Service (GDS) is to increase the nation’s resilience to the consequences of terrorist or major accidental incidents, involving the release of chemical, biological or radiological (CBR) materials. The GDS is to be the United Kingdom’s national centre for providing access to expertise on dealing with the decontamination of built and open environment, and transport assets, following such incidents.

**Figure 30: Funding in 2007-2008**

Area	2007-08
Staff costs	1.3
Specialist suppliers costs	0.6
Other costs	0.8
<b>Total</b>	<b>2.7</b>

(all figures are reported in millions)

**Performance during in 2007-2008**

Include the following key developments:

- providing advice, guidance and access to the Specialist Supplier Framework to a number of responsible authorities including Westminster City Council and Haringey Council to facilitate recovery following Polonium -210 contamination;
- participating in multi-agency lessons learnt exercises and reviewing operational procedures having identified learning from a number of incidents;
- enhancing the capability and capacity of the Agency’s Emergency Operations Centre;
- evaluating the capability of a number of the existing Specialist Framework Suppliers in order to contribute to the Central Government knowledge in this area; and
- assessing capability gaps and working with the Office of Government Commerce on the procurement exercise for the next Specialist Supplier Framework.

**Looking forward to 2008-2009**

Some key challenges will be:

- the launch of the new Specialist Supplier Framework;
- further evaluating and testing the capacity and capability of Specialist Suppliers; and
- contributing to developing guidance and other material on decontamination standards.

<sup>122</sup> Further information can be found on the Government Decontamination Service’s website at: [www.gds.gsi.gov.uk](http://www.gds.gsi.gov.uk)

## Non-Departmental Public Bodies

Defra sponsors over 50 executive and advisory Non-Departmental Public Bodies (NDPBs), tribunals and public corporations and is responsible for approximately 600 appointments to those bodies<sup>123</sup>.

### Forestry Commission<sup>124</sup>

The Forestry Commission (FC) is the Government department that, throughout Great Britain, delivers sustainable development through woodlands and forestry. Across Great Britain it is responsible for international policy, research, plant health and forest reproductive material regulations and setting standards for and monitoring sustainable forestry. In England it leads the delivery of the Government's Strategy for England's Trees, Woods and Forests (ETWF) through the public forest estate, the private sector and partnership-based initiatives.

The Forestry Commission works with Defra at GB level on a range of subjects including international forestry policy and climate change. Within England, it works with Defra and the Defra Network to deliver the Aims of the ETWF and wider Defra objectives.

Figure 31: Funding in 2007-2008

Area	2007-08
<b>Source of Funds</b>	
Parliamentary funding	93.0
EU Co-financing of Woodland Grants	10.0
Forestry Commission receipts	1.8
Forest Enterprise receipts	39.6
<b>Total income</b>	<b>144.4</b>
<b>Use of Funds</b>	
England Activities:	
policy, regulation and grants	45.0
public forest estate	78.8
Expenditure – England activities	123.8
Expenditure – GB activities	20.6
<b>Total Expenditure</b>	<b>144.4</b>

(all figures are reported in millions)

<sup>123</sup> More information can be found at <http://www.defra.gov.uk/corporate/delivery/landscape/index.htm>

<sup>124</sup> Further reports and more information can be found at <http://www.forestry.gov.uk>



## Performance in Great Britain during 2007-2008

- Organised and hosted a major conference in London on Forests and Climate Change;
- initiated a comprehensive revision of the UK Forestry Standard and Guidelines and held an initial consultation seminar with interested parties;
- published a Learning and Development Strategy and our first ever People Strategy; and
- was highly commended in the National Business Award's Better Regulation category for its Plant Health Service.

## Looking forward to 2008-2009

The Forestry Commission aims to:

- set up a Centre for Forestry and Climate Change to disseminate clear and robust information on the role of forestry in tackling climate change;
- develop standards for the management of woodlands for carbon and for instruments designed to incentivise the sequestration of carbon in woodlands;
- carry out a public consultation on the UK Forestry Standard and Guidelines;
- continue to develop an Environmental Management Strategy for our departmental management and policy development activities, towards BS8555 accreditation;
- publish a FC Diversity Strategy;
- demonstrate the role of forests in sustainable development by providing input to the UK's Sustainable Development Dialogues with China, Brazil, India, Mexico and South Africa;
- publish a Plant Health Strategy; and
- as part of the objective of embedding diversity across the organisation: roll out diversity training to all staff by March 2011.

## Performance in England during 2007-2008

The Forestry Commission:

- supported Defra in completing the Strategy for ETWF and the woodland aspects of the Rural Development Programme for England;
- absorbed management of Defra's Farm Woodlands legacy schemes in the Forestry Commission's grants e-business system, delivering efficiency savings for the Defra network;
- brought 87 per cent of Sites of Special Scientific Interest (SSSI) for which the Forestry Commission have statutory responsibility into favourable or recovering condition;
- with Defra and Natural England rolled out an implementation plan for woodland species under the Habitats Directive; and
- won the Prime Minister's Better Public Building Award with the new Dalby Visitor Centre as part of a major regeneration programme in the Yorkshire and The Humber region.

Looking forward to 2008-2009 (in England)

- publish a plan with Natural England for the delivery of 'A Strategy for England's Trees, Woods and Forests';
- on Climate Change, develop a delivery plan for the Woodfuel Strategy including working with Regional Development Agencies on Axes 1 and 3 of RDPE;
- produce a study on the role of the public forest estate for the 21st Century;
- bring 90 per cent of SSSIs for which FC has statutory responsibility into favourable or recovering condition;
- publish a policy on the restoration of open habitats from forestry; and
- work with Department for Communities & Local Government to reflect their objectives within the ETWF Delivery Plan and the Forestry Commission's work with urban communities areas.

Environment Agency<sup>125</sup>.

The Environment Agency (EA) is Defra's largest delivery partner with an annual budget of over £1 billion and employing some 12,244 staff (full time equivalents). The EA aims to protect and enhance the environment in England and Wales and to achieve a better quality of life, now and for future generations.

EA work includes preventing flooding and pollution incidents, reducing industry's impacts on the environment, cleaning up rivers, ground and coastal waters and managing water resources. It also works to improve contaminated land, wildlife habitats, access to inland waters and sustainable fisheries.

EA works with Defra to agree priority environment outcomes and the resource needed to achieve them. It negotiates and implements new environmental regulations and seeks to improve existing regimes. It is also working with Defra and other government departments to help them meet key environmental public service agreements.

Figure 32: Funding in 2007-2008

Area	2007-08
Flood Defence	456.9
Environment Protection (including conservation, navigation & recreation)	132.6
Fisheries	5.9
Total	595.4

(all figures are reported in millions)

<sup>125</sup> Further information can be found on the EA's website: [www.environment-agency.gov.uk](http://www.environment-agency.gov.uk)

## Performance during 2007-2008

As well as tackling the major flooding that occurred during 2007, EA delivered important benefits for the environment, including:

- **restored and protected land with healthier soils – more contaminated land is brought back into use:** it brought 567 hectares of contaminated land into use, against a year to date target of 370. This includes a number of large sites such as IMI and Fort Dunlop in Birmingham, delivering a total of 246 hectares;
- **managing flood risk – more houses are protected from flooding:** it has protected 26,818 houses over and above the Defra 2004 Spending Review (SR04) target of 85,000 houses. EA forecasts it will protect 32,275 houses by year end, making a total of 113,165 houses over the SR04 period;
- **managing flood risk – successfully influenced flood plain development planning decisions:** EA lodged objections against 2,030 planning applications. Of these, 1,852 (91 per cent) have been refused or amended in line with EA guidance, against a target of 90 per cent. For the second quarterly period running, 92 per cent of the objections it raised were taken into account by the planning authorities, the highest level of achievement since reporting began in 2003;
- **a better quality of life – delivering its navigation programme:** EA continues to make good progress and exceed its asset improvement target within agreed expenditure limits. By the end of September 2007, 591 out of 676 navigation assets were in 'improved or good' condition: 2 per cent above target. Work continued throughout the rest of the year to further improve upon this performance. The EA has now brought 90 assets out of 'critical baseline' as recorded during the 2004 Spending Review; and
- **an enhanced environment for wildlife – actions are completed to improve the status of principal salmon rivers:** 554 actions have been completed against 511 planned. EA continues to make progress by working closely with partners and third parties and is confident it will meet the end of year corporate target of completing 700 actions.

## Looking forward to 2008-2009

The EA's priorities include:

- adapting to **climate change** – ensuring that policies, strategies and plans are climate change 'proof' as the impacts of climate change are felt more and more;
- completing new **flood and coastal erosion defence schemes** to reduce the probability of flooding to 112,200 households between April 2008 and March 2011. The remaining 34,000 houses are to be delivered by local authorities and Internal Drainage Boards;
- improving its **flood warning** service to customers living in the floodplain, and increasing the number of people taking up the flood warning service;



- regulating and influencing businesses to help reduce emissions of **greenhouse gases**, including CO<sub>2</sub>. This includes phase II of the EU emissions trading scheme;
- implementing the new **integrated permitting** regime in April 2008. This streamlines over 40 pieces of legislation into one regime making it quicker, more effective and simpler;
- cracking down on **environmental crime** – closing down cheap alternatives for disposal; using enforcement and surveillance to catch criminals; stopping illegal activities; and communicating with businesses to ensure they know the right thing to do with their waste;
- responding to new development challenges of **Eco Towns** and new **Growth points** – ensuring new homes aren't at risk from flooding, have adequate water supply and waste infrastructure;
- targeting damaging and unsustainable **water abstractions** to reduce them and ensure there is enough water for people and the environment. This includes pushing for compulsory water metering in water scarce areas by 2015;
- delivering the **Water Framework Directive** – publishing the draft **River Basin Management Plans** in 2008-09, showing how to manage water in a more integrated way;
- acting as **nuclear regulator** – assessing the environmental implications of new nuclear power designs to ensure the environmental impact is minimised throughout their construction, operation and decommissioning;
- working with farmers to promote sustainable land use and reduce nutrient impacts from **agriculture**. Currently about a third of phosphate, 70 per cent of nitrate and most of the silt entering rivers in England comes from agricultural diffuse pollution;
- **reducing waste production** – seeking an annual reduction of 3 per cent reduction in waste disposal and 3 per cent increase in waste recovery or reuse from industries it regulates; and
- improving **navigation assets** so waterways can be safely enjoyed by people on and off the water. Halting the decline in **biodiversity** loss by protecting and improving conservation sites. By the end of 2008-09 the EA will have improved around 35,000 hectares of Sites of Special Scientific Interest.

## Natural England<sup>126</sup>

Natural England works to conserve and enhance the natural environment for the benefit of current and future generations. Natural England has four strategic outcomes:

- a healthy natural environment;
- enjoyment of the natural environment;
- sustainable use of the natural environment; and
- a secure environmental future.

<sup>126</sup> Further information can be found on Natural England's website: [www.naturalengland.org.uk](http://www.naturalengland.org.uk)

Natural England works with Defra on a broad range of environmental issues including:

- working to draw up and help implement a climate change adaptation plan;
- providing statutory advice on landscape and nature conservation issues;
- delivering Environmental Stewardship, 'classic' agri-environment schemes and the Catchment Sensitive Farming schemes;
- providing advice to Defra on increasing access to the natural environment including delivery of open access and access to the English coast;
- overseeing the delivery of Biodiversity Action Plan targets; and
- helping to deliver the Public Service Agreement (PSA) targets on SSSI condition and farmland birds.

## **Funding in 2007-2008**

Natural England's Grant-in-Aid (GIA) for 2007-08 is £181 million. It is also in receipt of £24.5 million for a range of other Defra funded initiatives. In addition, it will deliver £321 million of funding for agri-environment schemes through the Rural Development Programme for England (RDPE) during 2007-08.

## **Key Developments during 2007-2008**

### **A healthy natural environment:**

- worked closely with Defra to put in place a greatly expanded list of Biodiversity Action Plan (BAP) priority species to conserve those habitats most at threat;
- initiated programmes to create or restore 32,400 hectares of BAP priority habitat; and
- hosted an international conference of marine experts to develop thinking about the best way to protect the marine environment. Natural England presented positive results from Lundy – England's first ever 'No Take' Marine Protected Area.

### **Enjoyment of the natural environment:**

- provided advice to the Government on how to improve access to the English coastline, which was subsequently endorsed by the Secretary of State together with a commitment to legislate to turn its vision into reality; and
- expanded its Walking the Way to Health Initiative to 450 health walk groups across the country, helping to improve people's health while they enjoy the natural environment. 31,500 walk leaders have now been trained to help encourage people to get active and stay active in the outdoors through this initiative.

### **Sustainable use of the natural environment:**

- worked closely with Defra to secure £2.9 billion worth of funding for England's farmed environment, through the RDPE 2007-13;

- launched an online map showing all the land that is currently in one of its agri-environment schemes, so that for the first time the public can see where their money is being spent and understand the many benefits this provides to the natural environment;
- worked closely with Defra on the Review of Environmental Stewardship and have engaged stakeholders in the development of a new targeting approach aimed at securing its highest priority natural environment assets;
- launched its Future of Farming Awards to recognise and reward farmers and land managers who are putting the natural environment at the heart of their management and exemplify an integrated approach; and
- implemented a fundamental review and reorganisation of how it manages its incentive schemes to increase efficiency and improve customer service.

## **A secure environmental future**

- successfully made the case for an action plan to be included in the Climate Change Bill that would create a cross-government framework for our natural environment to adapt to climate change;
- led the Modelling Natural Resource Responses to Climate Change (MONARCH) programme with partners to highlight the impact of a changing climate on 120 rare or threatened species, such as the Barbastelle bat, the stag beetle and the cornflower;
- worked in partnership to improve the condition of upland peatlands, not only to maintain unique wildlife habitats, but also to prevent the release of carbon dioxide. It is estimated that improving management of these peatlands could reduce greenhouse gas pollution by up to 400,000 tonnes of carbon dioxide per year;
- in October, initiated a national debate on how it can best plan for and accommodate healthy green spaces alongside the government's targets for new housing growth; and
- provided oral evidence to the House of Lords Committee on the Future of the CAP and continued to work closely with Defra and other UK agencies in assessing the impact of proposed changes through the CAP Health Check. Natural England is helping to develop ways of safeguarding the natural environment in the face of these changes, for example the setting of a 0 per cent set-aside rate and possible abolition of set-aside in future.

## **Looking forward to 2008-2009**

### **A healthy natural environment:**

- will work with government to bring forward a Marine Bill to deliver a coherent network of Marine Protected Areas, providing much-needed better protection for our marine environment for the benefit of wildlife and the communities whose livelihoods depend upon it.



**Enjoyment of the natural environment:**

- is forging a new partnership with the Department of Health, Primary Care Trusts and Local Authorities to promote the preventative health benefits of the natural environment to health professionals; and
- will publish 'Key Principles' showing how its vision of opening up the English coast can be turned into reality on the ground. When a draft Marine Bill is published, it will publish a draft Methodology for increasing access to the English coast.

**Sustainable use of the natural environment:**

- will launch the new approach to targeting Environmental Stewardship to secure its highest priority natural environment assets; and
- will increase public recognition and support for the use of public money to secure public benefits through its land management campaign.

**A secure environmental future:**

- will continue to work closely with Defra and others to secure a favourable outcome for the natural environment from the CAP Health Check;
- will work with Defra to develop an innovative climate change adaptation plan, helping to prepare people and wildlife alike for 50 years of unavoidable climate change; and
- will undertake a major staff engagement exercise to help identify ways to help to cut its carbon footprint by 50 per cent by the year 2010.

**British Waterways**

British Waterways (BW) is the UK's largest navigation authority. It is a public corporation, accountable to Defra in England and Wales and to the Scottish Government.

BW cares for around 3,540 kilometres of historic canals and navigable rivers in England, Scotland and Wales. Its aim is for a sustainable and integrated network of waterways throughout Britain, providing maximum benefit and enjoyment to society. It works with a broad range of public, private and voluntary sector partners to unlock the potential of the inland waterways and generate income for investment. BW contributes to Defra's Intermediate Outcomes relating to sustainable living landscapes and public enjoyment of the environment and to a wide range of Government objectives, particularly regeneration.

**Funding in 2007-2008**

Defra contributed £55.3 million towards BW's total expenditure for England and Wales the total of which was in the order of £211 million.

## Key Developments during 2007-2008

- commencing construction of new lock and water control structure – the Prescott Lock – in east London which will facilitate the supply of construction material to the Olympic site and contribute to a 'green' and sustainable Olympics;
- Telford's Pontcysyllte Aqueduct on Llangollen Canal selected as UK candidate for UNESCO World Heritage Status;
- progressing a project to re-connect Liverpool's waterfront with the Leeds & Liverpool Canal in time for Summer 2008 events marking European Capital of Culture celebrations;
- progressing the first phase of the restoration of the Manchester, Bolton & Bury Canal which will act as a catalyst for major regeneration in Manchester;
- as the third largest owner of listed structures in the UK, continuing to work in consultation with English Heritage on programme of repair, notably Navigation Warehouse, Wakefield and Foxton Inclined Plane, Leicestershire;
- taking forward plans for the redevelopment of Wood Wharf, a large regeneration site in London's Docklands in readiness for planning submission in Spring 2008;
- making construction start on £400 million development at Gloucester Quays, a joint venture with Peel Holdings to create retail, leisure and business facilities while conserving Gloucester's historic waterside frontage;
- increasing visitor numbers to its waterways through a 'Yours to enjoy' marketing campaign and achieving record boat numbers;
- fourth National Waterways Wildlife Survey revealed over 300 sightings of kingfishers – generally accepted as a key indicator of good water quality and a healthy ecosystem; and
- producing a saving of £250,000 per annum in running costs following sale of Watford HQ and move to new offices.

## Looking forward to 2008-2009

- Complete Prescott Lock and Liverpool Link and commence work on the restoration of the Droitwich Canals;
- further progress towards attracting private investment in new marina berths that will double the number of new berths created to 5,000 since the launch of the Marina Investment Guide in 2006;
- continue to promote increased use and public enjoyment of waterways;
- progress Wood Wharf and Gloucester Quays;
- continue to reduce number of restructures on local authority Buildings at Risk registers;
- complete its review of status and proposals to provide it with greater commercial income; and
- agree with Defra a sustainable and affordable strategy for its waterways management so as to maximise public benefits from resources available.



**Chapter 11:**  
Core tables





The aim of the published tables is to provide an explanation of what Defra spends its money on. They provide an analysis of departmental expenditure in resource terms, showing resource consumption and capital investment. The information includes Voted and Non-Voted expenditure and includes tables outlining how Defra spends its money by country and region.

The details of the Parliamentary Main Estimate are published separately.

**Table 1 – Defra Total Departmental Spending**

This table sets out a summary of the expenditure on functions which are now administered by the Department, covering the period from 2002-03 to 2010-11. Future year figures reflect the budgeted figures agreed with HM Treasury for the Department.

**Table 2 – Defra Resource Budget DEL and AME**

This table provides the resource consumption details in Table 1, broken down into greater detail. It shows the expenditure for each of the Department’s functions and activities.

**Table 3 – Defra Capital Budget DEL and AME**

This table provides details of the capital expenditure plans in the same format as Table 2.

**Table 4 – Defra Capital Employed**

This table shows the capital employed by the Department, in a balance sheet format. It provides a high-level analysis of the various categories of fixed assets, debtor and creditor values, and also the extent of provisions made.

**Table 5 – Defra’s Administration Costs**

This table presents, in more detail, information concerning the administration costs of running the Department. For the current year and past years there is an analysis of administration expenditure showing pay bill costs and other costs.

**Table 6 – Staff Numbers**

This table shows actual and projected staffing in the Department from 2001-02 to 2008-09, split between permanent staff, casuals and overtime.

**Table 7 – Defra’s identifiable expenditure on services, by country and region**

This table shows actual and projected identifiable expenditure on services, by country and region.

**Table 8 – Defra’s identifiable expenditure on services, by country and region, per head**

This table shows actual and projected identifiable expenditure on services, by country and region per head.

**Table 9 – Defra’s identifiable expenditure on services by function, country and region for 2006-07**

This table shows actual identifiable expenditure on services by function, country and region for 2006-07.

**Commentary on core tables**

**Introduction**

These tables are an authoritative statement of how the Department has used its resources. The tables are split (and sub-analysed) by key areas of departmental expenditure to be consistent with the layout of the Parliamentary Estimate and previous Departmental Reports. The tables are also split between Departmental Expenditure Limit (DEL) & Annually Managed Expenditure (AME), these terms are explained below.

HM Treasury publishes a glossary in the Public Expenditure Statistical Analyses report<sup>127</sup> that explains most of the terms used in the common core tables and in the commentary below so these are not all repeated here.

There are many references to individual programme budgets within the main text of the Report so the comments below are restricted to the trends shown by the common core tables.

<sup>127</sup> [http://www.hm-treasury.gov.uk/media/E/B/pesa07\\_complete.pdf](http://www.hm-treasury.gov.uk/media/E/B/pesa07_complete.pdf) (Cm 7091)

Table 1 – Total Departmental Spending

Background

Total Departmental Spending is the sum of the Resource Budget and Capital Budget less depreciation (excluded so as to avoid double counting). Both the Resource and Capital Budgets are split into DEL and AME elements for control purposes.

DEL budgets are negotiated with HM Treasury via Spending Reviews that cover three years. The 2007 Comprehensive Spending Review (CSR07) covers 2008-09 to 2010-11. DEL includes the accruals-based consumption of the Non-Departmental Public Bodies (NDPBs) that the Department sponsors and excludes the grant-in-aid which provides them with the necessary cashflow.

AME budgets are usually demand led and not easily controllable by departments so are set at the beginning of each year via the Parliamentary Main Estimate. They can be updated during the year via the Winter and Spring Supplementary Estimates, subject to approval by Parliament.

Defra has a very small AME Budget. It is limited to the impact of the costs associated with the provision for the water industry closed pension fund (£48m charge for the unwinding of the discount rate, £90m credit for the utilisation of the provision and £35m credit for the associated cost of capital charge) and the consumption of the Levy Funded Bodies (LFBs) that the Department sponsors (£60 million per annum). The levy income of the LFBs is classified as Non-Voted Non-Budget.

As this table is a summary of tables 2 and 3, only commentary on the overall totals is added here.

Comparisons – current and forward looking

2008-09 Main Estimate

The plans for 2008-09 agree to the 2008-09 Main Estimate. The plans for 2008-09 to 2010-11 are based on the 2007 Comprehensive Spending Review settlement, amended for some minor changes processed during the preparation of the 2008-09 Main Estimate.

Comparison of 2007-08 estimated outturn with the 2007-08 Spring Supplementary Estimate

The resource outturn for 2007-08 was estimated, at the beginning of the fourth quarter, to be £9m higher than the budget made available via the Spring Supplementary Estimate (SSE). That was made up of a £41m forecast overspend in Resource DEL and a £32m forecast underspend in Resource AME. The forecast overspend in Resource DEL included additional costs incurred whilst dealing with the animal disease outbreaks and emergency flood expenditure incurred over the summer.

The Department recognised its responsibility to manage such costs within its overall DEL spending limits so has continued to manage away risk of any overspend through to the year end. The £32m forecast underspend in Resource AME is mainly caused by the cost



of capital credit that relates to the provision for the water industry closed pension fund being allocated to AME. This was excluded from the AME Budget, but this has been corrected for the 2008-09 Main Estimate.

The estimated capital outturn for 2007-08 is £18m more than the budget made available in the SSE. This forecast overspend is almost entirely within DEL and reflects the planned delay in completing a number of property disposals in order to achieve best value in a challenging commercial property market.

### **Comparison of the 2007-08 estimated outturn with 2007-08 Plans published in the 2007 Departmental Report**

Comparing the total Resource Budget for 2007-08, the estimated outturn is £32m higher than the Plans that were published in the 2007 Departmental Report. This is mainly due to:

- £87m increase to the DEL Budget as a result of bringing the Forestry Commission into Defra's Budget;
- £41m forecast overspend in DEL at the time the tables were prepared (explained above);
- £25m increase to the DEL Budget in the Winter Supplementary Estimate (WSE):
  - £22m increase due to a claim on the reserve in respect of early release / early retirement schemes;
  - a net decrease of £35m due to transfers to and from Other Government Departments;
  - £38m increase due to a transfer within the non-cash budget for cost of capital from Non-Budget to DEL;
- £127m decrease to the AME Budget:
  - £95m credit for the utilisation of the provision for the water industry closed pension fund which was included in the Department's Budget for the first time in 2007-08;
  - £38m credit for cost of capital associated with the provision for the water industry closed pension fund which was included in the Department's Budget for the first time in 2007-08;
  - £6m increase in the consumption of the LFBs.

Comparing the total Capital Budget for 2007-08, the estimated outturn is only £3m (out of £906m) higher than the plans that were published last year, so is not explained further.

### **Comparison of the 2008-09 Main Estimate with the 2007-08 Spring Supplementary Estimate**

The Resource DEL Budget is £86m lower in the 2008-09 Main Estimate than in the 2007-08 SSE. This is due to £38m of planned reductions in Administration spend together with a greater proportion of the DEL Budget being capital grant and so

Capital DEL rather than Resource DEL. The Resource DEL Budget then increases only slightly into 2009-10 and 2010-11 as a result of a flat cash CSR07 settlement.

The Capital DEL Budget is £109m higher in the 2008-09 Main Estimate than in the 2007-08 SSE, mainly due to the creation of the Environmental Transformation Fund, additional funding for flood risk management secured by the CSR07 settlement and the increase in capital grants explained above. These increases continue into 2009-10 and 2010-11.

## Comparisons – backward looking

### Review of movements within previous years outturn

Since the last Departmental Report, most of the movements between sections for previous years are to improve comparability with the Departments current structure as reflected in the Treasury COINS system (which generates the Core Tables) and the Department's own finance system. The main movements were made to transfer expenditure on the Rural Development Programme for England (RDPE) from the Rural Payments Agency to Natural Resources and Rural Affairs, as the accountable policy owner, and to transfer expenditure by the Animal Health agency from Animal Health and Welfare to Other Executive Agencies, following the creation of the Agency. There has also been an increase to previous years outturn due the Forestry Commission's data being included with Defra's for all years.

### Comparison of 2006-07 actual outturn with the estimated outturn published in the 2007 Departmental Report

The actual resource outturn for 2006-07 is £209m lower than the estimated outturn published in last year's Report. This is made up of £92m DEL and £117m AME.

The decrease in outturn for DEL is mainly due to:

- the CAP disallowance provision being £111m lower than the estimated provision in last year's report;
- an increase of £66m by bringing the Forestry Commission's data into Defra's Departmental Report;
- more Environmental and Flood Management actual expenditure being classified as Capital rather than Resource compared to last year's report;
- the Department's actual spend for 2006-07 was lower than estimated in last year's report as the Department ensured it did not overspend against its Resource Budget after the core tables were prepared.

The decrease in outturn for AME is mainly caused by the credit for the water industry closed pension fund provision not being included in last year's report.

The actual capital outturn for 2006-07 is £19m higher than the estimated outturn published in last year's Report. This is largely due to the reclassification of Environmental Protection and Flood Management grants from Resource to Capital.

Table 1 Total Departmental Spending

£'000

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
<b>Resource budget</b>									
<b>Resource DEL</b>									
Animal Health and Welfare	308,744	224,603	195,058	243,496	242,614	265,233	222,614	211,744	205,004
Environmental Protection	675,097	668,271	1,006,374	906,756	1,000,336	1,068,666	1,120,394	1,199,697	1,251,357
Sustainable Farming Food and Fisheries	96,244	131,086	139,815	113,962	126,773	130,102	145,960	146,872	145,176
Natural Resources and Rural Affairs	524,744	539,970	520,215	535,393	615,191	546,025	553,229	565,982	577,656
Departmental Operations	327,003	307,647	379,023	298,219	287,602	402,980	312,028	300,537	285,071
Rural Payments Agency	183,109	453,757	444,222	499,410	582,137	360,316	310,498	266,648	238,126
Other Executive Agencies	35,221	42,394	60,333	106,379	131,962	147,620	147,073	149,787	147,879
Local Area Agreements	—	—	—	36,714	49,674	54,998	—	—	—
Area Based Grant	—	—	—	—	—	—	3,000	5,500	5,500
Department Unallocated Provision	—	—	—	—	—	—	50,000	50,000	50,000
Forestry Commission	92,127	76,071	69,244	77,027	66,297	87,196	71,648	70,150	68,148
<b>Total resource budget DEL</b>	<b>2,242,289</b>	<b>2,443,799</b>	<b>2,814,284</b>	<b>2,817,356</b>	<b>3,102,586</b>	<b>3,063,136</b>	<b>2,936,444</b>	<b>2,966,917</b>	<b>2,973,917</b>
<i>of which: Near-cash</i>	1,944,996	2,202,333	2,466,509	2,349,633	2,542,728	2,700,900	2,628,444	2,627,917	2,627,917
<b>Resource AME</b>									
Animal Health and Welfare	34,028	—	—	—	—	—	—	—	—
Environmental Protection	2	—	—	54,900	-66,814	-77,348	-77,300	-77,300	-77,300
Sustainable Farming Food and Fisheries	68,830	72,845	71,598	70,620	61,532	62,257	59,603	59,603	56,603
Natural Resources and Rural Affairs	90,323	—	—	—	—	—	—	—	—
Rural Payments Agency	—	—	—	—	—	—	—	—	—
<b>Total resource budget AME</b>	<b>193,183</b>	<b>72,845</b>	<b>71,598</b>	<b>125,520</b>	<b>-5,282</b>	<b>-15,091</b>	<b>-17,697</b>	<b>-17,697</b>	<b>-20,697</b>
<i>of which: Near-cash</i>	272,418	63,236	60,965	69,188	60,758	62,257	59,603	59,603	56,603
<b>Total resource budget</b>	<b>2,435,472</b>	<b>2,516,644</b>	<b>2,885,882</b>	<b>2,942,876</b>	<b>3,097,304</b>	<b>3,048,045</b>	<b>2,918,747</b>	<b>2,949,220</b>	<b>2,953,220</b>
<i>of which: depreciation</i>	157,669	142,855	200,234	141,970	158,192	191,427	191,000	202,000	213,000

## Capital budget

### Capital DEL

Animal Health and Welfare	283	5,835	18,098	15,782	5,732	11,247	19,900	15,800	9,900
Environmental Protection	298,236	402,922	356,396	582,834	690,344	684,757	857,123	912,621	1,078,196
Sustainable Farming Food and Fisheries	3,216	9,501	2,031	17,396	4,436	981	138	138	60
Natural Resources and Rural Affairs	18,776	44,792	28,641	64,978	39,890	37,875	31,438	27,443	25,609
Departmental Operations	59,871	20,349	46,182	61,719	77,649	54,375	41,204	53,875	56,267
Rural Payments Agency	9,526	35,928	7,362	5,271	20,039	23,401	22,048	19,548	13,183
Other Executive Agencies	27,187	42,611	29,275	25,821	30,447	40,031	30,230	22,575	18,785
Local Area Agreements	—	—	—	58,489	54,713	55,000	—	—	—
Area Based Grant	—	—	—	—	—	—	—	—	—
Forestry Commission	13,828	5,209	546	3,875	-1,642	2,040	-2,000	-2,000	-2,000
<b>Total capital budget DEL</b>	<b>430,923</b>	<b>567,147</b>	<b>488,531</b>	<b>836,165</b>	<b>921,608</b>	<b>909,707</b>	<b>1,000,081</b>	<b>1,050,000</b>	<b>1,200,000</b>



**Table 1** Total Departmental Spending (continued)

£'000

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
<b>Capital AME</b>									
Sustainable Farming Food and Fisheries	1,317	1,317	1,396	2	381	215	846	846	846
<b>Total capital budget AME</b>	<b>1,317</b>	<b>1,317</b>	<b>1,396</b>	<b>2</b>	<b>381</b>	<b>215</b>	<b>846</b>	<b>846</b>	<b>846</b>
<b>Total capital budget</b>	<b>432,240</b>	<b>568,464</b>	<b>489,927</b>	<b>836,167</b>	<b>921,989</b>	<b>909,922</b>	<b>1,000,927</b>	<b>1,050,846</b>	<b>1,200,846</b>

## Total departmental spendingt

Animal Health and Welfare	341,064	228,697	213,156	255,785	244,328	276,480	242,514	227,544	214,904
Environmental Protection	894,300	992,153	1,277,964	1,472,822	1,544,423	1,588,670	1,803,217	1,930,018	2,140,253
Sustainable Farming Food and Fisheries	178,639	213,249	212,630	199,308	188,551	192,277	205,547	206,459	201,685
Natural Resources and Rural Affairs	630,396	582,149	545,369	590,115	646,260	582,349	584,667	593,425	603,265
Departmental Operations	331,786	305,336	335,461	342,406	351,249	402,040	304,049	305,229	292,155
Rural Payments Agency	185,319	475,801	451,584	489,037	583,620	365,026	314,246	266,096	228,809
Other Executive Agencies	47,876	67,386	70,355	112,778	135,329	163,034	152,286	146,145	138,847
Local Area Agreements	—	—	—	95,203	104,387	109,998	—	—	—
Area Based Grant	—	—	—	—	—	—	3,000	5,500	5,500
Department Unallocated Provision	—	—	—	—	—	—	50,000	50,000	50,000
Forestry Commission	100,663	77,482	69,056	79,619	62,954	86,666	69,148	67,650	65,648
<b>Total departmental spending†</b>	<b>2,710,043</b>	<b>2,942,253</b>	<b>3,175,575</b>	<b>3,637,073</b>	<b>3,861,101</b>	<b>3,766,540</b>	<b>3,728,674</b>	<b>3,798,066</b>	<b>3,941,066</b>

of which:

Total DEL	2,515,543	2,868,091	3,103,231	3,512,719	3,866,466	3,781,416	3,745,525	3,814,917	3,960,917
Total AME	194,500	74,162	72,344	124,354	-5,365	-14,876	-16,851	-16,851	-19,851

† Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

### Spending by local authorities on functions relevant to the department

Current spending	3,482,752	3,847,091	4,097,596	4,440,827	4,656,771	4,999,442
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of which:

financed by grants from budgets above	-218,132	-12,664	2,401	14,772	-14,702	-28,989
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## Capital spending

172,775 301,070 415,912 433,185 381,961 487,032

of which:

financed by grants from budgets above††	78,548	158,244	121,880	85,188	85,479	65,861
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†† This includes loans written off by mutual consent that score within non—cash Resource Budgets and aren't included in the capital support to local authorities line in Table 3.

## Table 2 – Resource Budget DEL and AME

Movements within Administration spend are dealt with in the Table 5 commentary.

### Resource Budget DEL

#### Animal Health and Welfare

Spending on BSE rose sharply in 2006-07 because of the start of the testing regime, funded here, for cattle over 30 months old to enter the food chain. This allowed for the termination of the culling and compensation scheme (OTMS) that was funded from the RPA OTMS line. The high estimated outturn for Disease Prevention is due to the costs of the animal disease outbreaks that occurred in 2007-08.

#### Environmental Protection

Expenditure on Environmental Protection continues to rise, driven by increased investment in climate change, waste and flood risk management.

Changes have been made from 2006-07 onwards to the allocations between Environment Quality and Waste and Climate, Energy and Environmental Risk to improve comparability with the Department's current structure of its internal budgets.

The dip in expenditure in 2004-05 for Environment Protection Strategy was because the Department was not required to provide funding for the water industry closed pension fund due to the consumption by the scheme of the existing pension fund investments.

Spending in the Water Directorate rose sharply in 2004-05 due to a baseline transfer from the then Office of the Deputy Prime Minister for flood management purposes. The decrease in 2005-06 is due to the transfer of capital grants from Resource to Capital. The figures for the following years are much higher, due to increased spending in this area.

#### Sustainable Farming Food and Fisheries

Expenditure on Sustainable Farming Food and Fisheries remains fairly constant across the years.

#### Natural Resources and Rural Affairs

The increase to Land Management and Rural Development from 2008-09 is due to increased expenditure on Rural Development Programme for England.

There has been a budget transfer between Rural Policy and Wildlife, Countryside and Better Regulation due to the majority of the Countryside Agency and the Rural Development Service becoming part of Natural England on its formation. The 2006-07 figure also includes funding transferred to Natural England from Defra in respect of the Shared Services and IBM Enabling contracts. The forward years budgets have built in efficiencies agreed as part of the Modernising Rural Delivery Programme.

There was a further decrease to Rural Policy as some Rural Policy capital grants have been switched from Resource to Capital.

### **Departmental Operations**

The relatively low outturn on Other Activities for 2006-07 was mainly due to a non cash adjustment to the cost of capital charge. The relatively high estimated outturn for 2007-08 was mainly due to funding for early retirement. The increase in Administration Costs in 2007-08 is mainly due to £22m allocated in the Winter Supplementary Estimate to cover the costs of voluntary early retirement/voluntary early severance schemes.

### **Rural Payments Agency (RPA)**

OTMS spend fell significantly from 2005-06 onwards as the cattle culling and compensation scheme (OTMS) was replaced by a testing regime for younger animals, funded under the Animal Health and Welfare BSE line. The much smaller Older Cattle Disposal Scheme funded here ends in 2008-09.

The increased expenditure in 2006-07 for Other Funding is due to increased provisions for potential disallowance of payments made to farmers under the EC Common Agricultural Policy schemes. The reduction in expenditure for 2007-08 onwards is because it is anticipated that the future level of provisions for CAP scheme disallowance will be considerably lower than at present. Rural Payments Agency administration costs fall towards 2010-11 as the efficiency gains from their recovery plan are realised.

### **Other Executive Agencies**

Expenditure for Other Executive Agencies has risen steadily over the last few years. This is due to the creation and continued increased investment in three new agencies, including the Animal Health Agency, whose functions were previously carried out within the Core Department.

### **Resource Budget AME**

#### **Environmental Protection**

There has been a large decrease in the AME Budget for Environmental Protection due to the credits for the utilisation of the provision for the water industry closed pension fund and the associated capital charge on the remaining provision.

#### **Sustainable Farming Food and Fisheries**

Expenditure on Sustainable Agriculture and Livestock Products transfers into Food Industry and Crops in 2008-09 due to the planned merger of some of Defra's Non-Departmental Public Bodies.



Table 2 Resource budget DEL and AME

£'000

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
<b>Resource DEL</b>									
<b>Animal Health and Welfare</b>	<b>308,744</b>	<b>224,603</b>	<b>195,058</b>	<b>243,496</b>	<b>242,614</b>	<b>265,233</b>	<b>222,614</b>	<b>211,744</b>	<b>205,004</b>
<i>of which:</i>									
Animal Welfare	9,084	7,879	3,299	20,763	11,514	15,747	14,380	13,800	13,584
BSE (and other TSEs)	62,523	65,745	47,830	38,562	80,736	75,260	69,798	59,446	53,924
Disease Prevention	95,157	42,335	41,828	60,270	56,293	100,822	60,724	56,659	55,943
Endemic Disease & Zoonoses (inc Bovine TB)	60,637	49,781	35,316	51,247	35,414	49,784	48,857	52,639	52,540
National Scrapie Plan	8,378	13,208	23,910	17,559	6,689	2,791	7,090	7,033	7,014
Animal Health and Welfare Administration Costs	72,965	45,655	42,875	55,095	51,968	20,829	21,765	22,167	21,999
<b>Environmental Protection</b>	<b>675,097</b>	<b>668,271</b>	<b>1,006,374</b>	<b>906,756</b>	<b>1,000,336</b>	<b>1,068,666</b>	<b>1,120,394</b>	<b>1,199,697</b>	<b>1,251,357</b>
<i>of which:</i>									
Environment Quality and Waste	127,226	94,870	155,231	108,930	158,989	185,394	204,751	205,891	206,272
Climate, Energy and Environmental Risk	138,343	172,696	172,467	173,434	101,524	110,850	105,150	136,908	136,388
Environment Protection Strategy	177,507	137,813	55,511	150,128	169,351	152,493	162,925	172,065	171,122
Water (inc Drinking Water Inspectorate)	186,180	216,568	567,257	400,306	503,223	579,492	600,684	636,377	689,161
Environmental Protection Administration Cost	45,841	46,324	55,908	73,958	67,249	40,437	46,884	48,456	48,414
<b>Sustainable Farming Food and Fisheries</b>	<b>96,244</b>	<b>131,086</b>	<b>139,815</b>	<b>113,962</b>	<b>126,773</b>	<b>130,102</b>	<b>145,960</b>	<b>146,872</b>	<b>145,176</b>
<i>of which:</i>									
European Union and International Policy	—	—	—	—	—	—	—	—	—
Food Industry and Crops	39,999	50,890	39,692	35,535	30,973	39,678	42,840	44,988	45,332
Sustainable Agriculture and Livestock Products	9,890	9,552	22,141	5,750	22,104	26,047	27,221	26,485	25,758
Fisheries	9,773	35,238	42,001	22,301	26,139	32,171	37,529	36,306	34,915
Sustainable Farming, Food and Fisheries Administration Costs	36,582	35,406	35,981	50,376	47,557	32,206	38,370	39,093	39,171
<b>Natural Resources and Rural Affairs</b>	<b>524,744</b>	<b>539,970</b>	<b>520,215</b>	<b>535,393</b>	<b>615,191</b>	<b>546,025</b>	<b>553,229</b>	<b>565,982</b>	<b>577,656</b>
<i>of which:</i>									
Land Management and Rural Development	180,180	196,121	196,979	157,295	167,914	182,239	220,134	217,640	232,422
Wildlife, Countryside and Better Regulation	82,283	106,411	108,450	160,828	301,247	258,354	240,124	252,199	249,733
Rural Policy	243,831	216,749	200,565	192,752	129,009	89,629	74,857	76,925	76,797
Natural Resources and Rural Affairs Administration Costs	18,450	20,689	14,221	24,518	17,021	15,803	18,114	19,218	18,704
<b>Departmental Operations</b>	<b>327,003</b>	<b>307,647</b>	<b>379,023</b>	<b>298,219</b>	<b>287,602</b>	<b>402,980</b>	<b>312,028</b>	<b>300,537</b>	<b>285,071</b>
<i>of which:</i>									
Science Policy	54,990	61,920	49,534	42,332	48,282	48,813	30,460	30,389	30,661
Developing the Evidence Base	4,313	5,378	4,660	2,031	62	-1	—	—	—
Other Activities	13,929	47,691	107,130	47,893	27,644	96,023	50,697	52,082	43,696
Administration Costs	253,771	192,658	217,699	205,963	211,614	258,145	230,871	218,066	210,714

Table 2 Resource budget DEL and AME (continued)

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
<b>Rural Payments Agency</b>	<b>183,109</b>	<b>453,757</b>	<b>444,222</b>	<b>499,410</b>	<b>582,137</b>	<b>360,316</b>	<b>310,498</b>	<b>266,648</b>	<b>238,126</b>
<i>of which:</i>									
OTMS	145,969	161,045	130,243	77,573	73,789	40,439	30,032	—	—
Direct Payments under CAP	1,689,946	2,006,655	2,264,419	2,038,526	1,838,517	1,662,726	1,741,710	1,654,689	1,600,393
CAP Income	-1,803,196	-1,926,240	-2,182,414	-2,016,630	-1,826,708	-1,646,750	-1,741,710	-1,654,689	-1,600,393
Other Funding	24,111	14,284	—	159,476	273,382	85,372	56,362	66,338	55,338
Front Line Administration Costs	126,279	198,013	231,974	240,465	223,157	218,529	224,104	200,310	182,788
<b>Other Executive Agencies</b>	<b>35,221</b>	<b>42,394</b>	<b>60,333</b>	<b>106,379</b>	<b>131,962</b>	<b>147,620</b>	<b>147,073</b>	<b>149,787</b>	<b>147,879</b>
<i>of which:</i>									
Other Executive Agencies	35,221	42,394	60,333	106,379	131,962	147,620	147,073	149,787	147,879
<b>Local Area Agreements</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>36,714</b>	<b>49,674</b>	<b>54,998</b>	<b>—</b>	<b>—</b>	<b>—</b>
<i>of which:</i>									
Local Area Agreements	—	—	—	36,714	49,674	54,998	—	—	—
<b>Area Based Grant</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,000</b>	<b>5,500</b>	<b>5,500</b>
<i>of which:</i>									
Area Based Grant	—	—	—	—	—	—	3,000	5,500	5,500
<b>Department Unallocated Provision</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<i>of which:</i>									
Departmental Unallocated Provision	—	—	—	—	—	—	50,000	50,000	50,000
<b>Forestry Commission</b>	<b>92,127</b>	<b>76,071</b>	<b>69,244</b>	<b>77,027</b>	<b>66,297</b>	<b>87,196</b>	<b>71,648</b>	<b>70,150</b>	<b>68,148</b>
<i>of which:</i>									
Forestry Commission (England)	74,310	62,096	56,354	62,657	49,854	69,049	57,284	56,501	55,455
Forestry Commission (GB Core)	17,817	13,975	12,890	14,370	16,443	18,147	14,364	13,649	12,693
<b>Total resource budget DEL</b>	<b>2,242,289</b>	<b>2,443,799</b>	<b>2,814,284</b>	<b>2,817,356</b>	<b>3,102,586</b>	<b>3,063,136</b>	<b>2,936,444</b>	<b>2,966,917</b>	<b>2,973,917</b>
<i>of which:</i>									
Near-cash	1,944,996	2,202,333	2,466,509	2,349,633	2,542,728	2,700,900	2,628,444	2,627,917	2,627,917
<i>of which:</i>									
Pay	627,458	721,373	704,009	969,940	1,015,566	1,092,662			
Procurement	1,126,826	824,040	1,120,240	869,926	1,053,350	1,311,614	1,263,522	1,311,876	1,298,493
Current grants and subsidies to the private sector and abroad	445,259	529,113	517,659	345,410	352,712	211,352	341,960	308,744	322,784
Current grants to local authorities	-218,132	-12,664	2,401	14,772	-14,702	-28,989	35,361	54,100	52,300
Depreciation	157,669	142,855	199,584	140,802	157,728	191,427	191,000	202,000	213,000

Table 2 Resource budget DEL and AME (continued)

£'000

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
<b>Resource AME</b>									
<b>Animal Health and Welfare</b>	<b>34,028</b>	—	—	—	—	—	—	—	—
of which:									
Disease Prevention	34,028	—	—	—	—	—	—	—	—
<b>Environmental Protection</b>	<b>2</b>	—	—	<b>54,900</b>	<b>-66,814</b>	<b>-77,348</b>	<b>-77,300</b>	<b>-77,300</b>	<b>-77,300</b>
of which:									
Water (inc Drinking Water Inspectorate)	2	—	—	54,900	-66,814	-77,348	-77,300	-77,300	-77,300
<b>Sustainable Farming Food and Fisheries</b>	<b>68,830</b>	<b>72,845</b>	<b>71,598</b>	<b>70,620</b>	<b>61,532</b>	<b>62,257</b>	<b>59,603</b>	<b>59,603</b>	<b>56,603</b>
of which:									
Food Industry and Crops	11,442	14,286	11,815	22,488	24,351	24,429	51,000	51,000	48,000
Sustainable Agriculture and Livestock Products	48,026	49,006	50,006	40,510	27,251	30,034	—	—	—
Fisheries	9,362	9,553	9,777	7,622	9,930	7,794	8,603	8,603	8,603
<b>Natural Resources and Rural Affairs</b>	<b>90,323</b>	—	—	—	—	—	—	—	—
of which:									
Wildlife, Countryside and Better Regulation	90,323	—	—	—	—	—	—	—	—
<b>Rural Payments Agency</b>	—	—	—	—	—	—	—	—	—
of which:									
Direct Payments under CAP	—	—	—	—	—	—	—	—	—
Other Funding	—	—	—	—	—	—	—	—	—
<b>Total resource budget AME</b>	<b>193,183</b>	<b>72,845</b>	<b>71,598</b>	<b>125,520</b>	<b>-5,282</b>	<b>-15,091</b>	<b>-17,697</b>	<b>-17,697</b>	<b>-20,697</b>
of which:									
Near-cash	272,418	63,236	60,965	69,188	60,758	62,257	59,603	59,603	56,603
of which:†									
Pay	12,260	15,448	-10,400	32,588	26,216	25,188	—	—	—
Procurement	79,051	47,788	71,718	69,880	37,193	37,069	43,305	44,305	41,305
Current grants and subsidies to the private sector and abroad	90,784	—	—	—	—	—	—	—	—
Current grants to local authorities	—	—	—	—	—	—	—	—	—
Depreciation	—	—	650	1,168	464	—	—	—	—
<b>Total resource budget</b>	<b>2,435,472</b>	<b>2,516,644</b>	<b>2,885,882</b>	<b>2,942,876</b>	<b>3,097,304</b>	<b>3,048,045</b>	<b>2,918,747</b>	<b>2,949,220</b>	<b>2,953,220</b>

† The breakdown of near-cash in Resource DEL by economic category may exceed the total near-cash Resource DEL reported above because of other income and receipts that score in near-cash Resource DEL but are not included as pay, procurement, or current grants and subsidies to the private sector, abroad and local authorities.



## Table 3 – Capital Budget DEL and AME

### Animal Health and Welfare

The increase in 2004-05 for Animal Health and Welfare was due to increased funding for livestock identification. The 2005-06 outturn for Disease Prevention relates to IT budgets for systems such as the Livestock Register and RADAR system. The increase from 2007-08 reflects capital grants to the Institute of Animal Health for the major redevelopment of their facilities at Pirbright.

### Environmental Protection

The spike in 2003-04 for Environment Quality and Waste was due to all local authorities' waste management being classified as Capital. The large increase on the same line from 2008-09 onwards is due to the end of the Local Area Agreements and subsequent re-allocation of funding to this area.

The increase in spend in 2006-07 for Climate, Energy and Environmental Risk represents the increased investment in Warm Front capital grants. This begins to decline in 2008-09, but this decline is outweighed by the creation and increasing investment in the Environmental Transformation Fund.

The increase in the Water Directorate from 2005-06 onwards reflects increased investment in flood risk management.

### Natural Resources and Rural Affairs

The increase in Land Management and Rural Development in 2003-04 is due to increased funding for Rural Development Programme for England systems. This was coming to a close in 2006-07 and any remaining budget was centralised within Departmental Operations.

The increase in Rural Policy reflects the transfer of capital grants for the Regional Development Agencies from Resource for 2005-06 onwards.

### Departmental Operations

The spike in 2006-07 was caused by the budgets for IT project capital spend being held centrally but in subsequent years they have been progressively delegated out to business areas to increase accountability.

### Rural Payments Agency

The increased capital spend for Rural Payments Agency (RPA) from 2006-07 reflects the increased investment in their recovery plan.

Table 3 Capital Budget DEL and AME

£'000

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
<b>Capital DEL</b>									
<b>Animal Health and Welfare</b>	<b>283</b>	<b>5,835</b>	<b>18,098</b>	<b>15,782</b>	<b>5,732</b>	<b>11,247</b>	<b>19,900</b>	<b>15,800</b>	<b>9,900</b>
<i>of which:</i>									
Animal Welfare	67	3,445	14,192	8,280	-511	—	—	—	—
BSE (and other TSEs)	209	2,009	—	—	-57	—	—	—	—
Disease Prevention	-51	—	—	7,502	6,300	10,299	19,900	15,800	9,900
Endemic Disease & Zoonoses (inc Bovine TB)	—	87	2,976	—	—	948	—	—	—
National Scrapie Plan	58	294	930	—	—	—	—	—	—
Animal Health and Welfare Administration Costs	—	—	—	—	—	—	—	—	—
<b>Environmental Protection</b>	<b>298,236</b>	<b>402,922</b>	<b>356,396</b>	<b>582,834</b>	<b>690,344</b>	<b>684,757</b>	<b>857,123</b>	<b>912,621</b>	<b>1,078,196</b>
<i>of which:</i>									
Environment Quality and Waste	36,689	90,081	49,792	10,407	6,349	6,551	101,046	100,965	40,965
Climate, Energy and Environmental Risk	155,786	182,972	160,702	193,080	354,041	383,902	394,200	403,000	554,000
Environment Protection Strategy	8,587	43,013	45,295	18,453	36,809	34,077	32,200	40,989	44,114
Water (inc Drinking Water Inspectorate)	97,174	86,856	100,607	360,894	293,145	260,227	329,677	367,667	439,117
Environmental Protection Administration Cost	—	—	—	—	—	—	—	—	—
<b>Sustainable Farming Food and Fisheries</b>	<b>3,216</b>	<b>9,501</b>	<b>2,031</b>	<b>17,396</b>	<b>4,436</b>	<b>981</b>	<b>138</b>	<b>138</b>	<b>60</b>
<i>of which:</i>									
European Union and International Policy	—	—	—	—	—	—	—	—	—
Food Industry and Crops	2,693	1,312	507	51	955	33	138	138	60
Sustainable Agriculture and Livestock Products	500	—	—	9,957	681	78	—	—	—
Fisheries	23	8,189	1,524	7,388	2,800	871	—	—	—
Sustainable Farming, Food and Fisheries Administration Costs	—	—	—	—	—	-1	—	—	—
<b>Natural Resources and Rural Affairs</b>	<b>18,776</b>	<b>44,792</b>	<b>28,641</b>	<b>64,978</b>	<b>39,890</b>	<b>37,875</b>	<b>31,438</b>	<b>27,443</b>	<b>25,609</b>
<i>of which:</i>									
Land Management and Rural Development	6,294	31,937	23,821	22,427	—	—	—	—	—
Wildlife, Countryside and Better Regulation	11,488	11,674	4,068	20,495	9,500	9,356	5,112	6,977	5,642
Rural Policy	994	1,181	752	22,056	30,390	28,519	26,326	20,466	19,967
Natural Resources and Rural Affairs Administration Costs	—	—	—	—	—	—	—	—	—
<b>Departmental Operations</b>	<b>59,871</b>	<b>20,349</b>	<b>46,182</b>	<b>61,719</b>	<b>77,649</b>	<b>54,375</b>	<b>41,204</b>	<b>53,875</b>	<b>56,267</b>
<i>of which:</i>									
Science Policy	7,678	5,170	4,958	8,442	5,107	7,314	8,750	10,900	7,900
Departmental Reform	—	6,200	4,900	5,367	—	—	—	—	—
Developing the Evidence Base	1,573	402	279	—	—	—	—	—	—
Other Activities	50,620	8,577	36,045	47,910	72,542	47,061	32,454	42,975	48,367
Administration Costs	—	—	—	—	—	—	—	—	—
<b>Rural Payments Agency</b>	<b>9,526</b>	<b>35,928</b>	<b>7,362</b>	<b>5,271</b>	<b>20,039</b>	<b>23,401</b>	<b>22,048</b>	<b>19,548</b>	<b>13,183</b>

Table 3 Capital Budget DEL and AME (continued)

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
£'000									
<i>of which:</i>									
Other Funding	—	—	—	—	—	—	—	—	—
Front Line Administration Costs	9,526	35,928	7,362	5,271	20,039	23,401	22,048	19,548	13,183
<b>Other Executive Agencies</b>	<b>27,187</b>	<b>42,611</b>	<b>29,275</b>	<b>25,821</b>	<b>30,447</b>	<b>40,031</b>	<b>30,230</b>	<b>22,575</b>	<b>18,785</b>
<i>of which:</i>									
Other Executive Agencies	27,187	42,611	29,275	25,821	30,447	40,031	30,230	22,575	18,785
<b>Local Area Agreements</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>58,489</b>	<b>54,713</b>	<b>55,000</b>	<b>—</b>	<b>—</b>	<b>—</b>
<i>of which:</i>									
Local Area Agreements	—	—	—	58,489	54,713	55,000	—	—	—
<b>Area Based Grant</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<i>of which:</i>									
Area Based Grant	—	—	—	—	—	—	—	—	—
<b>Forestry Commission</b>	<b>13,828</b>	<b>5,209</b>	<b>546</b>	<b>3,875</b>	<b>-1,642</b>	<b>2,040</b>	<b>-2,000</b>	<b>-2,000</b>	<b>-2,000</b>
<i>of which:</i>									
Forestry Commission (England)	12,942	3,299	-2,143	987	-3,547	40	-2,000	-2,000	-2,000
Forestry Commission (GB Core)	886	1,910	2,689	2,888	1,905	2,000	—	—	—
<b>Total capital budget DEL</b>	<b>430,923</b>	<b>567,147</b>	<b>488,531</b>	<b>836,165</b>	<b>921,608</b>	<b>909,707</b>	<b>1,000,081</b>	<b>1,050,000</b>	<b>1,200,000</b>
<i>of which:</i>									
Capital expenditure on fixed assets net of sales†	182,095	196,825	192,492	221,072	184,652	318,368	186,721	226,402	285,851
Capital grants to the private sector and abroad	169,023	211,106	174,159	475,000	597,387	428,551	566,260	570,619	720,069
Net lending to private sector	-73	-28	—	—	—	—	—	—	—
Capital support to public corporations	1,330	1,000	—	-3,584	7,000	9,049	14,548	15,548	14,048
Capital support to local authorities††	78,548	158,244	121,880	85,188	85,471	65,861	191,676	201,165	150,165
<b>Capital AME</b>									
<b>Sustainable Farming Food and Fisheries</b>	<b>1,317</b>	<b>1,317</b>	<b>1,396</b>	<b>2</b>	<b>381</b>	<b>215</b>	<b>846</b>	<b>846</b>	<b>846</b>
<i>of which:</i>									
Food Industry and Crops	-80	-80	99	—	146	142	845	845	845
Sustainable Agriculture and Livestock Products	1,044	1,044	797	2	27	50	—	—	—
Fisheries	353	353	500	—	208	23	1	1	1
<b>Total capital budget AME</b>	<b>1,317</b>	<b>1,317</b>	<b>1,396</b>	<b>2</b>	<b>381</b>	<b>215</b>	<b>846</b>	<b>846</b>	<b>846</b>
<b>Total capital budget</b>	<b>432,240</b>	<b>568,464</b>	<b>489,927</b>	<b>836,167</b>	<b>921,989</b>	<b>909,922</b>	<b>1,000,927</b>	<b>1,050,846</b>	<b>1,200,846</b>
<i>Of which:</i>									
Capital expenditure on fixed assets net of sales†	183,412	198,142	193,888	221,074	185,033	318,583	187,567	227,248	286,697
Less depreciation†††	157,669	142,855	200,234	141,970	158,192	191,427	191,000	202,000	213,000
Net capital expenditure on tangible fixed assets	25,743	55,287	-6,346	79,104	26,841	127,156	-3,433	25,248	73,697

† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

†† This does not include loans written off by mutual consent that score within non—cash Resource Budgets.

††† Included in Resource Budget.



**Table 4 – Capital Employed**

The figures for the years 2006-07 and earlier are extracted from the audited Resource Accounts for those years, including those of the Non-Departmental Public Bodies (NDPBs) that are not consolidated into Defra’s own accounts but which form part of the DEL group.

Tangible assets have shown significant growth since 2002-03 reflecting investment in both the building estate and IT projects. This investment will not continue for future years and the impact of depreciation will begin to reduce the net book value.

In 2006-07 a reclassification of assets occurred between Land and Buildings and Fixtures and Fittings.

The reduction in the net book value of Equipment and IT from 2006-07 to 2007-08 reflects the planned transfer of IT assets from Core Defra to Natural England, although this may not take place until 2008-09.

The increase in current assets and creditors due within one year for 2005-06 and 2006-07 relates to balances with the EC for CAP Pillar 1 payments. 2005-06 shows a much larger creditor and corresponding EC debtor figure because of the delays in making payments to land owners on the Single Payment Scheme (SPS) 2005 following the issue of their entitlements in February 2006. The creditor is higher than the debtor because this also includes a creditor with HM Treasury, as the Department has to surrender this EC income as a Consolidated Fund Extra Receipt (CFER). There is also a relatively high level of accrued payments and income for 2006-07, but still lower than 2005-06, as the timing of payments under the SPS has improved. These improvements are expected to continue for future years.

Provisions increased in 2003-04 due to the provision for the water industry closed pension scheme and again in 2005-06 and 2006-07 due to the CAP disallowance provision.

NDPB net assets are forecast to increase from 2006-07 through to the end of the CSR period. This is mainly due to significant additional projected investment in flood risk management by the Environment Agency. In addition to this, in 2007-08 there is a planned transfer of IT equipment from the Core Department to Natural England.

Table 4 Capital Employed

	£'000								
	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 Estimated outturn	2008-09 projected	2009-10 projected	2010-11 projected
<b>Assets and liabilities on the balance sheet at end of year:</b>									
<b>Assets</b>									
Fixed assets									
Intangible	6	13	16	17	16	17	16	15	14
Tangible	599	741	813	893	957	818	757	702	649
of which:									
Land and Buildings	383	444	461	563	538	573	537	520	507
Fixtures and Fittings	26	25	30	28	60	22	19	16	13
Vehicles, Plant & Machinery	35	33	31	30	29	19	17	15	19
Equipment & IT	155	239	291	272	330	204	184	151	110
Investments	16	16	12	11	9	11	11	11	11
Current Assets	1,417	983	1,486	4,429	2,419	1,074	1,174	1,174	1,174
<b>Liabilities</b>									
Creditors (<1 year)	-1,378	-944	-1,512	-6,120	-3,311	-1,460	-1,010	-1,010	-1,010
Creditors (>1 year)	-42	-38	-25	-21	-19	-21	-21	-21	-21
Provisions	-238	-1,038	-1,125	-1,319	-1,533	-1,463	-1,383	-1,302	-1,218
<b>Capital employed within main Department</b>	<b>380</b>	<b>-267</b>	<b>-335</b>	<b>-2,110</b>	<b>-1,462</b>	<b>-1,024</b>	<b>-456</b>	<b>-431</b>	<b>-401</b>
NDPB net assets	1,984	2,150	2,336	2,387	2,223	2,719	2,965	3,231	3,499
<b>Total capital employed in the Departmental Group</b>	<b>2,364</b>	<b>1,883</b>	<b>2,001</b>	<b>277</b>	<b>761</b>	<b>1,695</b>	<b>2,509</b>	<b>2,800</b>	<b>3,098</b>

## Table 5 – Administration Costs

The total Administration Budget across all years has changed since the last Departmental Report. This is due to the agreed transfer from Programme to Administration of the costs of professional services. These costs were allocated out to business areas for 2006-07 and earlier. From 2007-08 onwards they were held centrally in Departmental Operations.

The total Administration Budget shows a downward trend towards 2010-11, reflecting the 5 per cent reduction required by 2007 Comprehensive Spending Review.

Table 5 Administration Costs

£'000

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
<b>Administration Expenditure</b>									
Paybill	231,743	235,212	249,071	265,479	260,675	272,107			
Other	391,843	340,409	331,537	354,627	390,250	344,852			
<b>Total administration expenditure</b>	<b>623,586</b>	<b>575,621</b>	<b>580,608</b>	<b>620,106</b>	<b>650,925</b>	<b>616,959</b>	<b>559,778</b>	<b>550,812</b>	<b>542,847</b>
Administration income	-187,975	-229,288	-210,662	-228,012	-259,729	-255,020	-203,778	-203,812	-203,847
<b>Total administration budget</b>	<b>435,611</b>	<b>346,333</b>	<b>369,946</b>	<b>392,094</b>	<b>391,196</b>	<b>361,939</b>	<b>356,000</b>	<b>347,000</b>	<b>339,000</b>
<b>Analysis by activity</b>									
Animal Health and Welfare	72,965	45,655	42,875	55,095	51,968	20,829	21,765	22,167	21,999
Environmental Protection	45,841	46,324	55,908	73,958	67,249	40,437	46,884	48,456	48,414
Sustainable Farming Food and Fisheries	36,582	35,406	35,981	50,376	47,557	32,206	38,370	39,093	39,171
Natural Resources and Rural Affairs	18,450	20,689	14,221	24,518	17,021	15,803	18,114	19,218	18,704
Departmental Operations	253,771	192,658	217,699	205,963	211,614	258,145	230,871	218,066	210,714
Other Executive Agencies	8,002	5,601	3,262	-17,816	-4,213	-5,481	-4	-	-2
<b>Total administration budget</b>	<b>435,611</b>	<b>346,333</b>	<b>369,946</b>	<b>392,094</b>	<b>391,196</b>	<b>361,939</b>	<b>356,000</b>	<b>347,000</b>	<b>339,000</b>



Table 6 Staff Numbers

		2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Estimate	2008-09 Plans
<b>Intervention Board</b>	CS FTEs	1,080 <sup>(5)</sup>							
	Overtime	85							
	Casuals (1)	30							
	<b>TOTAL</b>	<b>1,195</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Department for Environment, Food and Rural Affairs (Gross Control Area) (2)</b>	CS FTEs	7,970 <sup>(3)</sup>	10,034	10,132	9,732	9,326	8,604 <sup>(7)</sup>	8,572	8,320
	Overtime	777 <sup>(4)</sup>	245	174	144	209	194	223	139
	Casuals (1)	1,110 <sup>(4)</sup>	925	642	775	1,004	670	223	90
	<b>TOTAL</b>	<b>9,857</b>	<b>11,204</b>	<b>10,948</b>	<b>10,651</b>	<b>10,539</b>	<b>9,468</b>	<b>9,018</b>	<b>8,549</b>
<b>Veterinary Laboratories Agency (Net Control Area)</b>	CS FTEs	1,160	1,244	1,303	1,244	1,210	1,226	1,201	1,160
	Overtime	77	26	25	35	35	34	34	34
	Casuals (1)	20	36	32	17	20	24	29	25
	<b>TOTAL</b>	<b>1,257</b>	<b>1,306</b>	<b>1,360</b>	<b>1,296</b>	<b>1,265</b>	<b>1,284</b>	<b>1,264</b>	<b>1,219</b>
<b>Central Science Laboratory (Net Control Area)</b>	CS FTEs	598	642	646	644	635	628	630	640
	Overtime	32	8	8	8	8	8	7	7
	Casuals (1)	40	47	32	41	44	52	28	20
	<b>TOTAL</b>	<b>670</b>	<b>697</b>	<b>686</b>	<b>693</b>	<b>687</b>	<b>688</b>	<b>665</b>	<b>667</b>
<b>Veterinary Medicines Directorate (Net Control Area)</b>	CS FTEs	110	116	124	125	128	136	135	143
	Overtime	1	1	1	0	1	1	1	1
	Casuals (1)	0	0	0	0	0	0	0	0
	<b>TOTAL</b>	<b>111</b>	<b>117</b>	<b>125</b>	<b>125</b>	<b>129</b>	<b>137</b>	<b>136</b>	<b>144</b>
<b>Cefas (Net Control Area)</b>	CS FTEs	505	514	521	515	504	533	520	511
	Overtime	21	15	12	12	13	12	12	13
	Casuals (1)	15	7	7	2	5	1	0	1
	<b>TOTAL</b>	<b>541</b>	<b>536</b>	<b>540</b>	<b>529</b>	<b>522</b>	<b>546</b>	<b>532</b>	<b>525</b>
<b>Pesticide Safety Directorate (Net Control Area)</b>	CS FTEs				182 <sup>(6)</sup>	191	181	178	<sup>(8)</sup>
	Overtime				0	1	0	0	
	Casuals (1)				8	7	7	2	
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>190</b>	<b>199</b>	<b>188</b>	<b>180</b>	<b>0</b>
<b>TOTAL Defra</b>		<b>12,436</b>	<b>13,860</b>	<b>13,659</b>	<b>13,294</b>	<b>13,142</b>	<b>12,123</b>	<b>11,615</b>	<b>11,104</b>

(1) The outturn and estimated figures include casuals filling vacant permanent posts.

(2) Gross Control Area includes core—Defra (core—MAFF before 8 June 2001), Pesticides Safety Directorate (PSD) (from 1 April 1993 to 31 March 2004), Meat Hygiene Service (from 1 April 1995 to 31 March 2000), Cefas (from 1 April 1997 to 31 March 2000), Farming and Rural Conservation Agency (from 1 April 2001 when it was renamed Rural Development Service (RDS), Rural Payments Agency (RPA) (from 16 October 2001), Animal Health (from 1 April 2005, named State Veterinary Service until 31 March 2007), Marine and Fisheries Agency and Government Decontamination Service (both from 1 October 2005).

(3) Defra was created on 8 June 2001 from MAFF and approximately 650 staff from the Department of Environment, Transport and the Regions (DETR).

(4) Includes Foot and Mouth Disease related work.

(5) The Intervention Board was abolished on 15 November 2001 and its functions were taken over by the RPA.

(6) PSD became a Net Control Agency from 1 April 2004.

(7) RDS transferred from Defra to Natural England on 1 October 2006.

(8) PSD transferred to the Health and Safety Executive on 1 April 2008.

## Tables 7, 8, 9 – Regional tables

1. **Tables 7, 8 and 9** show analyses of the department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in Chapter 9 of Public Expenditure Statistical Analyses (PESA) 2008. The figures were taken from the HM Treasury public spending database in December 2007 and the regional distributions were completed in January and February 2008. Therefore the tables may not show the latest position and are not consistent with other tables in the Departmental Report.
2. The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government and public corporation elements of TES. They include current and capital spending by the department and its Non-Departmental Public and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities own expenditure.
3. TES is a near-cash measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of PESA 2008.
4. The data are based on a subset of spending – identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.
5. Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.
6. The functional analyses of spending in **table 9** are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in chapter 9 of PESA 2008. These are not the same as the strategic priorities shown elsewhere in the report.

**Table 7:** Environment, Food and Rural Affairs identifiable expenditure on services, by country and region

	£ million								
	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Plans	2008-09 Plans	2009-10 Plans	2010-11 Plans
North East	267.7	281.2	290.9	319.3	306.7	326.6	335.9	352.1	384.2
North West	659.5	596.1	612.7	673.2	583.1	618.6	593.9	611.4	661.5
Yorkshire and Humberside	601.3	566.2	626.7	637.7	592.0	635.3	567.4	569.2	588.0
East Midlands	525.5	511.3	561.5	540.7	524.8	551.9	525.9	519.1	524.9
West Midlands	461.2	461.5	490.4	540.5	520.5	548.2	526.6	523.1	527.3
Eastern	544.9	551.1	664.4	620.0	657.9	697.8	644.7	634.6	639.4
London	359.1	365.3	446.9	364.7	316.7	331.2	302.2	299.8	308.6
South East	621.9	559.2	668.5	704.6	654.2	679.0	693.4	686.7	694.8
South West	945.9	887.0	924.8	1041.7	948.8	995.0	1059.5	1049.3	1065.8
<b>Total England</b>	<b>4987.0</b>	<b>4778.7</b>	<b>5286.7</b>	<b>5442.3</b>	<b>5104.8</b>	<b>5383.8</b>	<b>5249.4</b>	<b>5245.3</b>	<b>5394.5</b>
Scotland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Northern Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total UK identifiable expenditure</b>	<b>4987.0</b>	<b>4778.7</b>	<b>5286.7</b>	<b>5442.3</b>	<b>5104.8</b>	<b>5383.8</b>	<b>5249.4</b>	<b>5245.3</b>	<b>5394.5</b>
Outside UK	3.4	2.8	3.4	4.2	4.6	4.5	2.7	2.6	2.5
<b>Total identifiable expenditure</b>	<b>4990.4</b>	<b>4781.5</b>	<b>5290.1</b>	<b>5446.4</b>	<b>5109.4</b>	<b>5388.2</b>	<b>5252.1</b>	<b>5247.8</b>	<b>5397.1</b>
Non-identifiable expenditure	0.0	0.0	0.0	0.0	282.5	203.6	234.2	220.0	230.2
<b>Total expenditure on services</b>	<b>4990.4</b>	<b>4781.5</b>	<b>5290.1</b>	<b>5446.4</b>	<b>5391.9</b>	<b>5591.9</b>	<b>5486.3</b>	<b>5467.9</b>	<b>5627.2</b>

**Table 8:** Environment, Food and Rural Affairs identifiable expenditure on services, by country and region, per head

	£'s per head								
	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Plans	2008-09 Plans	2009-10 Plans	2010-11 Plans
North East	105.4	110.6	114.4	125.2	120.0	128.1	131.4	137.3	149.4
North West	97.3	87.7	89.8	98.4	85.1	89.7	85.6	87.6	94.3
Yorkshire and Humberside	120.2	112.6	123.8	124.9	115.1	123.0	109.0	108.5	111.1
East Midlands	124.5	120.2	130.9	124.9	120.3	125.6	118.6	116.0	116.2
West Midlands	87.1	86.9	92.1	101.0	97.0	101.7	97.2	96.0	96.2
Eastern	100.3	100.7	120.6	111.5	117.3	123.3	112.8	109.9	109.6
London	48.8	49.6	60.5	48.9	42.2	43.7	39.6	38.9	39.7
South East	77.3	69.1	82.3	86.1	79.4	81.9	83.0	81.5	81.8
South West	190.2	177.2	183.4	204.8	185.2	192.4	202.9	199.0	200.1
<b>Total England</b>	<b>100.4</b>	<b>95.8</b>	<b>105.5</b>	<b>107.8</b>	<b>100.6</b>	<b>105.4</b>	<b>102.0</b>	<b>101.1</b>	<b>103.2</b>
Scotland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Northern Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total UK identifiable expenditure</b>	<b>84.1</b>	<b>80.2</b>	<b>88.3</b>	<b>90.3</b>	<b>84.3</b>	<b>88.3</b>	<b>85.5</b>	<b>84.8</b>	<b>86.6</b>



**Table 9: Defra identifiable expenditure on services by function, country and region, for 2006-07**

	North East	North Yorkshire and West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London
<b>ENVIRONMENT, FOOD AND RURAL AFFAIRS</b>							
<b>Economic affairs</b>							
General economic, commercial and labour affairs	3.1	11.9	14.3	10.2	7.5	9.2	3.7
Agriculture, forestry, fishing and hunting	198.6	290.5	390.9	364.5	345.9	454.1	205.8
of which: market support under CAP	139.4	207.0	286.6	296.6	231.3	365.5	36.9
of which: other agriculture, food and fisheries policy	59.0	83.0	104.1	67.7	114.3	88.2	168.4
of which: forestry	0.2	0.4	0.3	0.3	0.3	0.4	0.5
R&D economic affairs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total economic affairs</b>	<b>201.6</b>	<b>302.4</b>	<b>405.2</b>	<b>374.7</b>	<b>353.4</b>	<b>463.2</b>	<b>209.5</b>
<b>Environment protection</b>							
Waste management	7.1	19.5	19.1	17.2	20.7	16.0	26.1
Waste water management	0.6	1.7	1.3	1.1	1.3	1.4	1.9
Pollution abatement	39.2	62.7	23.3	9.7	6.4	6.2	9.5
Protection of biodiversity and landscape	3.8	7.1	6.2	5.6	5.4	14.5	5.0
Environment protection n.e.c.	53.9	188.7	136.2	115.8	132.4	155.8	63.5
<b>Total environment protection</b>	<b>104.6</b>	<b>279.7</b>	<b>186.0</b>	<b>149.4</b>	<b>166.3</b>	<b>193.8</b>	<b>106.0</b>
<b>Housing and community amenities</b>							
Water supply	0.4	1.0	0.8	0.6	0.8	0.8	1.1
<b>Total housing and Community amenities</b>	<b>0.4</b>	<b>1.0</b>	<b>0.8</b>	<b>0.6</b>	<b>0.8</b>	<b>0.8</b>	<b>1.1</b>
<b>Education (includes training)</b>							
Pre-primary and primary education	0.0	0.1	0.1	0.1	0.1	0.0	0.0
<b>Total education (includes training)</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS</b>	<b>306.7</b>	<b>583.2</b>	<b>592.0</b>	<b>524.8</b>	<b>520.5</b>	<b>657.9</b>	<b>316.7</b>

South East	South West	England	Scotland	Wales	Northern Ireland	UK Identifiable expenditure	OUTSIDE UK	Total Identifiable expenditure	Not Identifiable	£'s Millions Totals
1.9	6.5	68.3	0.0	0.0	0.0	68.3	4.6	72.9	0.0	72.9
397.6	713.9	3361.8	0.0	0.0	0.0	3361.8	0.0	3361.8	67.1	3428.9
278.4	481.7	2323.3	0.0	0.0	0.0	2323.3	0.0	2323.3	0.0	2323.3
118.6	231.9	1035.2	0.0	0.0	0.0	1035.2	0.0	1035.2	0.0	1035.2
0.5	0.3	3.3	0.0	0.0	0.0	3.3	0.0	3.3	67.1	70.3
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>399.5</b>	<b>720.5</b>	<b>3430.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3430.1</b>	<b>4.6</b>	<b>3434.7</b>	<b>67.1</b>	<b>3501.7</b>
26.3	22.3	174.3	0.0	0.0	0.0	174.3	0.0	174.3	0.0	174.3
2.1	1.3	12.7	0.0	0.0	0.0	12.7	0.0	12.7	0.0	12.7
5.6	37.3	199.9	0.0	0.0	0.0	199.9	0.0	199.9	0.0	199.9
8.1	7.2	62.8	0.0	0.0	0.0	62.8	0.0	62.8	215.5	278.3
211.4	159.5	1217.1	0.0	0.0	0.0	1217.1	0.0	1217.1	0.0	1217.1
<b>253.5</b>	<b>227.6</b>	<b>1666.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1666.9</b>	<b>0.0</b>	<b>1666.9</b>	<b>215.5</b>	<b>1882.4</b>
1.2	0.8	7.5	0.0	0.0	0.0	7.5	0.0	7.5	0.0	7.5
<b>1.2</b>	<b>0.8</b>	<b>7.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.5</b>	<b>0.0</b>	<b>7.5</b>	<b>0.0</b>	<b>7.5</b>
0.0	0.0	0.4	0.0	0.0	0.0	0.4	0.0	0.4	0.0	0.4
<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>0.4</b>
<b>654.2</b>	<b>948.8</b>	<b>5104.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5104.8</b>	<b>4.6</b>	<b>5109.4</b>	<b>282.6</b>	<b>5391.9</b>

# Appendices

## Appendix 1: Reporting of personal data related incidents

Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

**Figure 33:** Summary of protected personal data related incidents formally reported to the Information Commissioners Office in 2007-08

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
November 2007	Loss of paper documents from outside secured Government premises	Payslips – name, NI number, tax code, salary and bank account details	14	Individuals notified by e-mail
January 2008	Unauthorised disclosure	Name, employment record and details of skills	1	Individual notified by e-mail

### Further action on information risk

The Department will continue to monitor and assess its information risks, in light of the events noted above, in order to identify and address any weaknesses and ensure continuous improvement of its systems.

Since December 2007, full bank account details are no longer included on Defra’s payslips. In addition, Royal Mail special delivery will be used for future deliveries to the office involved in the loss of payslips.



**Figure 34: Summary of other protected personal data related incidents in 2007-08**

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	5
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	10
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	0
V	Other	0

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table above. Small, localised incidents are not recorded centrally and are not cited in these figures.

## Appendix 2: Public Accounts Committee Recommendations

**In 2007 – 2008 the Public Accounts Committee (PAC) published the following Reports:**

Fourth Report

Environment Agency: Building and maintaining river and coastal flood defences in England

HC 175<sup>128</sup>

Fifty-seventh Report

Department for Environment, Food and Rural Affairs: Reducing the reliance on Landfill in England

HC 212<sup>129</sup>

Fifty-fifth Report

The delays in administering the 2005 Single Payment Scheme in England

HC 893<sup>130</sup>

Thirty-second Report

The right of access to open countryside

HC 91<sup>131</sup>

<sup>128</sup> <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/175/17504.htm>

<sup>129</sup> <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmpubacc/212/21204.htm>

<sup>130</sup> <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmpubacc/893/89304.htm>

<sup>131</sup> <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmpubacc/91/9104.htm>

### Appendix 3: Health and Safety in Defra

Defra is committed to maintaining and improving a healthy and safe working environment for all our employees and any other person who may be affected by our activities. During 2007, Defra have reviewed the way Defra work to ensure that Defra continue to provide as effective and efficient a service as possible and ensure that our policies and arrangements are in keeping with both legislation, best practice and changes within the Department. Defra have:

- submitted proposals to increase Management Board (Directors) role in health and safety – these will be progressed in 2008 and beyond;
- developed new risk assessment processes to be introduced in 2008;
- published a new 'smoke-free workplace policy in response to the new smoking laws coming into effect on 1 July 2007;
- updated both our homeworking and workstation assessment guidance to reflect new ways of working throughout the Department such as smart and flexible working;
- held numerous awareness sessions in prevention and management of back pain to promote European Health & Safety Week;
- introduced an on-line toolkit for managers to assist with prevention, recognition and rehabilitation of work-related stress;
- received external verification of our increased score on the Health and Safety Executive's Corporate Health and Safety Performance Indicator; and
- worked in partnership with Animal Health on Foot and Mouth and Avian Influenza outbreaks to co-ordinate the health and safety response.

#### Accident and ill health reports

Accidents, work-related ill health and near misses, including dangerous incidents, and verbal abuse/threatening behaviour are reported centrally to the Departmental Health and Safety Unit. All reports are initially investigated by local management prior to review by the health and safety advisers who carry out further follow ups as necessary. During 2007, Defra had no fatalities or diseases as defined under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1996, nor been served with any health and safety enforcement notice or convicted of any breach of health and safety law. The number of accidents is set out in table below:

**Figure 35:** Health and Safety incidents: 1 January – 31 December 2007

Type of Incident	No of Reports
Fatal injuries	0
Major injuries	2
Dangerous occurrences	3
Over 3 day injuries	4
Minor injuries	38
Near misses, (including verbal abuse)	12
Incidents of violence/aggression/verbal abuse	2
Road traffic accidents	4
Ill health cases	11
<b>Total</b>	<b>76</b>



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